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Ontario Royal Commission on Book
Publishing.
Hearings, 1971



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ROYAL COMMISSION ON BOOK PUBLISHING

Mr. Richard Rohmer, Q.C.

Chairman

Dr. Marsh Jeanerette

Commissioner

Mr. Dalton Camp

Commissioner

Hearings

Mr. Robert Fleming

Executive Secretary

252 Bloor Street West, Toronto,
Ontario, April 15th, 1971.

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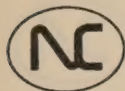


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S U B M I S S I O N B Y

Mr. Dennis Lee, President and Mrs. Shirley Gibson.	House of Anansi
Miss Colette MacNeil, President; Mr. George Brigden, Counsel; Mr. John Lasruk and Mr. D.M. Sneyd.	The Canadian Society of Book Illustrators
Mr. J. Cornwall, General Manager.	W.B. Saunders Co. Publishers
Mrs. M.I. Walker, President.	Windemere Releasing Co.
Mr. E.J. Grant, President; Prof. John Stevens, General Editor; Mr. Tom Patterson, Mr. H. Lipton and Mr. H. Grute.	Festival Editions of Canada Limited
Mr. W.H.E. Belt.	Publishing Consultant
Mr. G.A. McInnes, President, Alphatext Systems Ltd., Ottawa.	Alphatext Systems Ltd., Ottawa
Mr. Tass T. Gundel.	Tass T. Gundel & Associates



Toronto, Ontario,
April 15, 1971.

---The hearing commenced at 10.00 a.m.

THE CHAIRMAN: Well, good morning.
We have with us this morning the House of Anansi,
Mr. Dennis Lee and Mrs. Shirley Gibson. We have
all read the brief. We hope you will touch on the
high points and then we will have a discussion
about it.

SUBMISSION BY THE HOUSE OF ANANSI

MR. LEE: The Anansi can be summed
up best by the history of the last four and a half
years. We published 51 books in that time.
There are three areas, poetry, fiction and social
science. Some are first books by the authors,
all but two by Canadians and Canadian-owned
auxiliaries. So we are trade publishers, basically
we are philosophical trade publishers.

Our brief is divided into two parts.
The first part makes this recommendation at its
conclusion:

" That the Province of Ontario co-
operate with the federal government in
establishing an agency mandated to lend,
invest and grant money in support of
publishing; or that the Province establish
such an agency on its own, if the federal
government cannot be persuaded to take part.



1 That the Province provide a line of credit,
2 at low interest rates, for worthwhile
3 Canadian houses that need to borrow capital
4 immediately."

5 To arrive at this recommendation
6 we went through a sketch of our own operation,
7 our financial history. I think perhaps the most
8 important part of that comes on page 4 of the
9 brief. We wanted to suggest that among the newer
10 independent houses this pattern of growth will
11 inevitably meet the needs which the balance of
12 the country is not terribly sympathetic to.

13 You will see at the top of page 4
14 that our 12-month gross which represents the total
15 value of products sent to book stores, libraries
16 and so forth as of one year ago March 31, 1970,
17 was \$33,000 and as of two weeks ago, March 31,
18 \$70,000, so that in the course of 12 months we
19 have had a growth of 29 per cent.

20 This is very gratifying on one hand
21 but on the other hand we paid a rather high
22 penalty for it. Our overhead has gone up 500 per
23 cent at the same time. The full overhead rate is
24 about \$8,000 a year and the overhead rate in the
25 second period is about \$39,000 a year which
26 represents a growth of 500 per cent.

27 One thing I think I should point out
28 now because it is not in the brief is that the
29 readers we publish for are very much in paperback
30 books, not simply the paperback but the larger form



1 for which they don't usually pay more than \$2
2 or \$3. We publish at the same kind of prices
3 so the gross of \$70,000 represents far more books
4 than would normally be the case in those books.
5 I am sorry I don't have the figures but I might
6 say that \$11,000 is paperbacks which sell for 95
7 cents so we had to sell an awful lot more copies
8 to get a gross of \$11,000. So that the dramatic
9 leap in our overhead during the fourth year is
10 tremendous and salaries take up very little of
11 that.

12 That has meant that we show a loss
13 of between \$20,000 and \$30,000. It has meant
14 that our capital ability has vanished almost
15 completely. It means that we have had to cut back
16 for this current year by almost two-thirds and
17 I might say that in this brief -- because it is
18 so recent -- we are questioning whether a house
19 with the editorial policy that we have can in
20 fact function at this size. We are beginning to
21 think we don't have to be much bigger in which
22 case I expect we would lose most of our distinctive
23 flavour. We would be throwing out the product
24 faster and faster, or, perhaps we should become
25 considerably smaller which would hurt in another
26 way. At the moment we have the worst of both
27 worlds. That is something that we will have to
28 make our decision on but we will be giving it very
29 serious thought.

30 However, the general point I want



1 to make is that the newer houses, it is almost
2 inevitable, that if they are publishing interesting
3 books there is going to be a pattern like this,
4 a quite dramatic growth some time between the third
5 and the fifth year. As in any other small business
6 that is going to create a need for capital and
7 I think it is pretty well established by now that
8 it is almost impossible to obtain capital.
9 There must be some source set up from which capital
10 might be obtained.

11 The second half of our brief is
12 concerned with the status of trade publishing in
13 English Canada. I suppose everybody is familiar
14 with what is meant by trade publishing in a
15 general book store as opposed to textbooks. On
16 the one hand it is nowhere in the dire straits
17 that it is sometimes painted. If you take many
18 English Canadian trade books and compare with
19 sales and distribution in England and the States
20 it is far more healthy, one would say 60 or 70 per
21 cent and our population is one-third that
22 of England and one-fourteenth that of the States.
23 So that no one can say that the interest in reader-
24 ship does not exist in this country.

25 If looked at from another point of
26 view trade publishing is in a very rocky state in
27 English Canada.

28 THE CHAIRMAN: I am sorry, I am
29 one of those persons with a hang-up about English
30 Canada. Can you just call it Canada? It is up to



1 you, call it whatever you want, but we are Canada,
2 not English Canada. We have the English language.
3 It gets this kind of reaction from a lot of
4 people.

5 MR. LEF: I am sorry. The reason
6 I am using it is, of course --

7 THE CHAIRMAN: This is not English
8 Canada, this is Canada.

9 MR. LEF: I can't remember the name
10 of the literary device where you use the part to
11 name the whole -- misogyny or something else.

12 In our minds there are two very
13 serious problems in this area of Canadian trade
14 publishing. The first is that the absolute
15 quantity of books to be sold is sufficiently low
16 that it is usually not economical to publish them.
17 The second one is that the chief responsibility
18 for publishing Canadian authors is being taken
19 in the trade field almost exclusively by Canadian-
20 owned houses.

21 I would like to present some
22 statistics to back that thing up and they are
23 drawn from the University of Canada Quarterly,
24 Letters in Canada section. They do a round-
25 up once a year of Canadian books. The figures
26 given are not completely accurate but they can
27 be taken as definitive. The year 1969 was the
28 year of study because that is the most recent
29 year the figures are available for and it also
30 happens to coincide by the university board.



1 The university board points out that there was
2 \$119 million worth of books sold in English
3 Canada in that year. We floundered around a lot
4 trying to understand the value of what the report
5 says and the proportions grossed by British,
6 American and Canadian-owned firms. We decided
7 to use the figures, they are quite contradictory
8 figures, but we decided to use them, those the
9 most favourable to the Canadian houses and which
10 give a highest proportion. We use those
11 figures and we say that 19 per cent is made by
12 Canadian, 59 per cent by American and 22 per cent
13 by British. That means that over 80 per cent
14 of the publishing is done by foreign-owned firms.
15 This means that the American gross is about
16 \$113 million, British about \$42 million and
17 Canadian about \$36 million.

18 DR. JFANNFRFT: Mr. Lee, I would
19 like to ask you a question on this because you
20 are falling, I think, into the same fallacy. I
21 was trying to draw attention to yesterday.

22 At first glance this would suggest
23 that the gross of the imported books should be
24 compared with the gross produced in Canada and
25 sold in Canada and you are totalling imports of
26 dollars rather than imports of titles but if
27 you start looking at titles then surely you
28 will agree quickly that 19 per cent Canadian-
29 owned firms might properly represent 1 per cent
30 of the titles or something like that, that are sold.



1 If we do recognize that then we have to discuss
2 whether or not we will favour barring access to
3 titles as such. Is there not a danger here of
4 taking dollars rather than titles?

5 MR. LEE: Sir, I would be very happy
6 to do what you suggest because I wish to present
7 an even more dramatic case.

8 DR. JEANFRFT: I am not disputing
9 your argument, I am worrying very much about the
10 tendency to take dollar gross figures and suggest
11 the sales are in proportion to the dollar
12 figures because the dollar figures of measuring
13 reading habits it is a question of titles as you
14 I am sure would agree?

15 MR. LEE: I do, in fact I must say
16 I am trying to talk dollar gross and what-not
17 which doesn't really have too much to do with
18 whether we sell them or try to find the money
19 to do it with. Yes, I would accept your point,
20 by all means.

21 In 1969 we studied two areas of
22 trade publications, fiction and poetry because
23 those are the ones we are most heavily involved in
24 and these happen to be the first two segments
25 according to the Letters in Canada supplement.
26 I would like to point out to begin with that there
27 is more trade publishing done by foreign-owned
28 houses in some other areas. I would suggest
29 this pattern is not an exhaustive research.
30 In 1969 there were 23 new fiction titles published



1 in English by Canadians. That is novels
2 and short stories. In American-owned houses the
3 gross \$13 million, 59 per cent of the total.
4 If you add all the fiction that was brought out
5 in that year you get a grand total of zero.
6 If you add together all the titles published
7 by all the British-owned houses in that year you
8 get an answer of 3 which is 13 per cent of the
9 total of the gross which is 22 per cent. Taking
10 together all the titles brought out by Canadian-
11 owned houses you get 20 which is 87 per cent of
12 the total, that is to be compared to 19 per cent
13 of the total gross.

14 An interesting figure here is that
15 MacMillan brought out all three novels published
16 by British-owned houses. If you remove them from
17 the list you get the same total for all the
18 British-owned houses as you do for all the American
19 houses.

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1 It is zero. If you look at the
2 poetry titles, an area where Canadians have
3 done very distinguished work in the past,
4 an area where production costs tend to be lower,
5 an area where sales tend to be higher than
6 in fiction, you find that 44 houses are listed.
7 The American-owned houses produce a grand total
8 of one of these, again this \$113 million gross.
9 British-owned houses accounted for 9 per cent.
10 Canadian houses had a grand total of 39 for
11 88 per cent. You will notice the American-
12 owned house was Vanity Press, which is a
13 subsidiary of Vanity House in New York. In
14 Canada there is, in fact, a total of zero.
15 Macmillan and Oxford brought out 2 and all the
16 others brought out zero. I submit that that is
17 an absolutely disgusting state of affairs.
18 It might well be amended by finding that there
19 was a novel from Doubleday, or Longmans,
20 or someone that was not written down in the
21 University of Toronto quarterly, but the order
22 of magnitude, they are of a kind that are
23 absolutely alarming.

24 The trade-publishing area is
25 the area of general public interest, the area
26 that reflects an index of the level of civilization
27 in our country. In that area the foreign
28 houses are simply acting as parasites and
29 taking as much money out of the country as
30 they can and not paying any responsibility or



1 risking some of that money and good Canadian
2 authors for the use of good Canadian readers.

3 There are two ways of looking at
4 what should be done about this. We have
5 made only one recommendation designed to
6 strengthen the trade publishing that is going
7 on. This recommendation is:

8 "That the Province of Ontario
9 institute a scheme for purchasing
10 several thousand copies of the
11 best trade books published
12 each year in Ontario, and
13 deposit them in public and school
14 libraries across the province.
15 This would rationalise the
16 economics of publishing those
17 books, find them more readers, and
18 act as an incentive to all
19 publishers."

20 We also recognized that, in the same spirit,
21 the Publishing Development Board is this,
22 that it should try to coordinate and strengthen
23 the attempts of Canadian publishers to get
24 subsidiary rights for foreign sales areas
25 where Canadians have no part right now. There
26 is another way of looking at this which probably
27 doesn't come into the province's jurisdiction
28 and, in my own view, the time is long overdue --
29 not simply to say we should strengthen the
30 people who are doing Canadian trade publishing,



1 which usually is the trade publishing house
2 section of MacMillan and Oxford ---

3 DR. JEANNERET: I hate to
4 interrupt again, but you do keep making a
5 statement regarding -- using the words
6 "trade publishing" as if it were synonymous
7 with the publication of fiction and poetry.
8 Will you please make it clear that you are
9 not talking about non-fiction, because your
10 table could be turned to upside down and
11 inside out if you did it on non-fiction.

12 MR. LEE: I would agree with
13 that, sir. I have seen this done myself.
14 I am not certain it would be turned upside down
15 and inside out if we were talking about
16 non-academic, non-fiction, non-fiction for the
17 general reader. Are you, in fact, convinced
18 that the Canadian houses publish less non-
19 academic, non-fiction?

20 DR. JEANNERET: I don't think
21 the table takes into account the very substantial
22 amount of publishing of Canadian authors done
23 by non-Canadian houses.

24 MR. LEE: In the educational
25 field or the general field?

26 DR. JEANNERET: In the whole
27 of the trade field, the non-fiction field
28 and then also the educational field, of course.

29 MR. LEE: I did try to point out ---

30 DR. JEANNERET: You are steering





1 clear of education?

2 MR. LEE: Yes. I also did want
3 to point out that these areas of trade
4 publishing are the riskiest in the areas where
5 the foreign-owned houses, where they have the
6 poorest record and it is quite possible our
7 brief really does point out they have a better
8 track record in other areas.

9 DR. JEANNERET: Just don't go
10 on with the word "trade" to be used, as a
11 synonym for non-fiction.

12 MR. LEE: The point is well taken.
13 I don't know the right way to approach it, but
14 I am convinced that the foreign-owned houses
15 which take no responsibility in the trade
16 publishing -- not simply poetry and fiction --
17 there should be some way of actively expressing
18 our dissatisfaction with their presence in the
19 country. Let me put it differently: Houses
20 from abroad that do nothing to stimulate the
21 Canadian reader. It is relatively easy for
22 a foreign-owned house to rack up a fairly
23 good record in the educational field because,
24 by and large the money there is much bigger
25 and you have to satisfy provincial departments
26 by throwing in some Canadian content. You
27 are not really risking too much money. You
28 have some editorial costs in Canada but you
29 would probably sell enough copies to go on making
30 the kind of money you want to.



1 On the one hand I do want to say
2 I think every publisher should get into trade
3 publishing because I don't think that. On the
4 other hand, I don't think the degree of
5 responsibility shown by a house which drops
6 Canadian titles into its educational list is
7 anything near showing the degree of responsibility
8 shown by MacMillan, which has consistently
9 published Canadian trade books. I think Canadians
10 need to find some way of letting the foreign-owned
11 houses which do nothing in the publication of
12 Canadian books know how dissatisfied with that they are
13 and I think that might show up in certain kinds
14 of retrograde taxation. I don't know how.
15 I think we need to be somehow less impressed
16 with the Canadian text program than the
17 Canadian trade program. I think I will
18 rest it there.

19 THE CHAIRMAN: May I just ask
20 you this: I can see why you have done this
21 in the area of fiction. You are concerned about
22 the whole battery of trade books, but in the
23 area of trade books do you take fiction and
24 poetry as being part of that and the other
25 segment, perhaps of non-fiction? Where do you
26 consider the highest risk lies when you have to
27 make the decision to publish? Is it the highest
28 risk in fiction or poetry or would you think the
29 highest risk is in non-fiction?



1 MR. LEE: I would guess the
2 greatest risk is possibly in children's books
3 for young children. This is where you are
4 competing with books that are beautiful for
5 colour separation outward. You have to compete
6 with those, but you probably have the market.
7 The picture, I think, literature is generally
8 much higher.

9 THE CHAIRMAN: I would agree with
10 that. So your point, I take it, then,
11 the area of highest risk in publishing
12 decisions, money decisions, this seems to be
13 statisticly based where the foreign-owned
14 publishers in Canada seem to just not pick up
15 the ball at all. That is what you are saying?

16 MR. LEE: I also say verbally
17 that as the agency and the text markets run into
18 increasing difficulties, the riskier forms
19 of trade publishing are the ones likely to
20 be cut back on most quickly as more foreign
21 houses have passed into Canadian hands.
22 That also is likely to be enforcing the pattern
23 of high-risk trade publishing. I am sure, with
24 all respect, the highest commendation is due
25 Ryerson for its poetry list.

26 DR. JEANNERET: You would agree,
27 then, Mr. Lee, that as far as the attractiveness
28 of a Canadian firm's publications of poetry
29 and fiction for sale abroad, there is no
30 comparison to the attractiveness of non-fiction



1 titles and this might find a market. That is
2 a cliché, boy loves girl in Winnipeg and who
3 gives a damn?

4 MR. LEE: I think that is the
5 fiction that has prevailed and I think it
6 probably is now. I wouldn't be surprised to
7 find that there are some signs of awakening
8 a lot of interest south of the border for some
9 kind of reasons, I think. I would not try
10 to persuade anybody to believe that, but I
11 think we are making a beginning.

12 THE CHAIRMAN: We have a broad,
13 general go with you, not at you.

14 MR. CAMP: Your recommendations
15 on page 6 clarify what your position would be
16 with regard to the agency mandate to invest
17 and grant money. You say you feel the province
18 or the federal government should. If the
19 federal government won't do it, the province
20 should, and if the province wouldn't, the
21 federal government should. We are talking
22 about a national industry. I would take
23 it that recommendation is your conclusion is
24 it is essentially the province's responsibility?

25 MR. LEE: My conclusion is
26 that it should be done.

27 THE CHAIRMAN: You don't care
28 who does it?

29 MR. LEE: I care much more to
30 see it done than who does it.



1 MR. CAMP: But you don't have
2 any conclusion as to whose essential
3 responsibility it would be? For example, your
4 second recommendation says:

5 "That the province provide
6 a line of credit, at low
7 interest rates, for worthwhile
8 Canadian houses . . ."

9 I take it that means worthwhile Canadian houses
10 in Ontario?

11 MR. LEE: That is correct.

12 DR. JEANNERET: On the same
13 point on the first recommendation you are calling
14 for support of publishing, Canadian publishing,
15 not Canadian publishers, is that right?

16 MR. LEE: When I said "in
17 support of publishing" I assume that a certain
18 amount of the activities of publishing were
19 publishers.

20 THE CHAIRMAN: May I also now
21 ask this question so I may get this? I think
22 Dr. Jeanneret's question is, is your brief the
23 main points or thrust that you mentioned,
24 is that designed to pertain to Canadian-owned
25 publishers or do you want your recommendations
26 to pertain to Canadian publishers whether they
27 are Canadian-owned or foreign-owned or ---

28 MR. LEE: There is a
29 supplementary document we submitted, which you
30 may have had a chance to glance through also,



1 where we suggest a series of priorities. We
2 suggested that probably if publishers were
3 to receive any operating capital whatever, the
4 Canada Council has already demonstrated its
5 responsibility as to publishers. The second
6 responsibility would be to demonstrate such
7 responsibility. The third would be indigenous
8 houses which have not yet demonstrated their
9 responsibility.

10 MR. CAMP: Which of these are
11 you?

12 MR. LEE: The first.

13 MR. CAMP: Your company is
14 owned by Canadians?

15 MR. LEE: We are owned in Canada.
16 Our stock is scattered around but the greatest
17 concentration is in the hands of two landed
18 immigrants in Canada.

19 MR. CAMP: That is interesting.
20 They are Americans domiciled in Canada?

21 MR. LEE: That is right.

22 MR. CAMP: They are not
23 Canadians?

24 MR. LEE: Not yet. They have
25 only been here 2-1/2 years.

26 MR. CAMP: I was going to ask
27 you, Mrs. Gibson, is your husband published as
28 an author?

29 MRS. GIBSON: Yes.

30 MR. CAMP: And the House of



1 Anansi has published his novel?

2 MRS. GIBSON: In 1969.

3 MR. CAMP: Which has had some
4 success?

5 MRS. GIBSON: By publishing
6 standards it has sold about 5000 copies
7 altogether.

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1 MR. CAMP: That would be a considerable
2 success?

3 MRS. GIBSON: Yes.

4 MR. CAMP: I know we have had a
5 previous conversation but just for the sake of the
6 record perhaps you might tell us just the diffi-
7 culties that he had as a Canadian author in trying
8 to publish fiction and getting his book published?

9 MRS. GIBSON: I would not have
10 brought this up unless you had asked me but I
11 am very glad you have because I think it is a
12 perfect example of what Dennis has been talking
13 about in the past few minutes. My husband finished
14 a book in, I suppose, late 1967 or early 1968,
15 which he had worked on for several years and had
16 had very generous support from the Canada Council
17 to aid him in writing the book and which indicated
18 that they certainly had faith in its quality.

19 When he finished the book he took
20 it first to one of our more well established firm --
21 at least it was large and established at that
22 time. They kept it for a very, very long time and said
23 yes, they would publish it, but at the end of
24 nine months they decided that they couldn't.
25 They agreed it was an extremely good book but
26 a very poor financial risk. Then he took it to
27 American houses who kept it for about seven months
28 and while he was in a position to know that they
29 too felt this was a very remarkable book, that
30 he was a very talented writer and that he should



1 be published but they also thought it was not a
2 very good financial risk so they would not touch it.

3 He took it to one of the British
4 houses in Toronto and the report from them was
5 exactly the same. That took up about a total of
6 one year and eight months during which time he
7 was starting on a second novel but very much strung
8 up as a result of his anxiety about having his
9 first book published.

10 Through a friend at the CBC we
11 heard about the House of Anansi and my husband
12 took this book to Dennis who was editor in chief
13 at that time of a basement operation on Spadina Avenue
14 with one and a half volunteer workers besides
15 himself and he read the manuscript and I know he
16 considered it very, very seriously because there
17 is a fair amount of very serious editorial work
18 to be done on it but he had it for about three
19 months and he informed my husband that yes, he
20 would publish the book. He told him quite bluntly
21 that he thought there was a good possibility that
22 Anansi would fold on account of this because they
23 had never published a novel before, they had
24 stuck with poetry and so on. However, they went
25 ahead. Shortly after that I joined the firm so
26 I was there at the time the book was published
27 and it does have a happy ending because the book
28 came out and was extremely well received across
29 Canada.

30 As I say we have had a total of



1 5,000 sales to date which is a very good record.

2 MR. CAMP: It took him two years
3 to market his book?

4 MRS. GIBSON: Yes.

5 MR. CAMP: Is this a common complaint?
6 I have heard it before.

7 MRS. GIBSON: Oh, yes.

8 MR. CAMP: Where do you think the
9 difficulty is, Mr. Lee?

10 MR. LEE: Well, some of it I think
11 is undoubtedly in the publishing. It is bound to
12 happen at any point that reasonably advanced work
13 may not find sympathetic readers.

14 MR. CAMP: Why should it take eight
15 months?

16 MR. LEE: Well, of course, it
17 shouldn't. It would be interesting if during
18 these hearings trade editors from some of the
19 foreign-owned houses spoke about how they arrive
20 at their decisions and the part played in their
21 decisions by the head offices. If they find three
22 smashing novels during the year are they free to
23 go ahead and publish all three? It would not
24 surprise me at all, sir, with Mr. Gibson's
25 books that there were a series of messages back
26 and forth from Canada to New York.

27 MR. CAMP: It would not surprise
28 you?

29 MR. LEE: That is correct.

30 MR. CAMP: Were there?



1 MR. LEE: I don't know whether there
2 were.

3 MRS. GIBSON: No, I don't know.

4 THE CHAIRMAN: As a matter of
5 interest, we would like to know as much as we
6 can, what were the houses to which this material
7 was taken?

8 MRS. GIBSON: To McClelland &
9 Stewart originally. They saw it first and in
10 light of what has been happening to them perhaps
11 when they said it was a poor financial risk --
12 and God knows they have a very good record of
13 publishing -- it is pretty hard to nail them down.
14 Then it went to Doubleday's and finally to
15 MacMillan's.

16 MR. CAMP: When you say, Mr. Lee,
17 you talk about the poor co-operation of publishing
18 houses and there seems to be some evidence of this
19 and all of them have, I think, served a similar
20 function, all of them have similar difficulties
21 and all of them at the outset must have some
22 idea of how dismal the prospects are.
23 Have there ever been any discussions that you
24 have had with others who are doing similar things
25 as to pooling your resources, let us say, with
26 regard to sales or marketing or promotion or
27 what-have-you?

28 MR. LEE: Let me say two things
29 to this. First of all there has been a series
30 of house-to-house talks between Anansi's and some



1 of the others most of which have either had kind
2 of a modicum of results or no results at all.
3 There are two reasons for this. I think one is that
4 these houses tend to be staffed by individualists, mono-
5 maniacs who would only go into this kind of
6 thing if they could go into an enterprise like this
7 on their own terms. An enterprise like this would
8 either have the virtue or defects of making it
9 kind of difficult at times for people to co-operate.
10 The other aspect is that most of them are working
11 10, 12, 15 and 18 hours a day and then to sit
12 down and take a deep breath and then go through
13 all the nuts and bolts of working out a co-operative
14 scheme, it is often very difficult. In fact,
15 mostly people would make a compromise.

16 Secondly, there is now a trade
17 association of Canadian houses which includes
18 virtually all the small houses as well as several
19 of the bigger ones.

20 I would like to go on and say
21 in the formation of a constitution the University
22 of Toronto Press has been one of the participators
23 but it seems to me that by far the best basis
24 for co-operation among the smaller houses and those
25 who choose to take part in it will be through this
26 trade association.

27 MRS. GIBSON: That is on the agenda
28 for the meeting at the end of this month. That
29 is one of the things on the agenda, the possibility
30



1 of co-operation and that is one of the reasons
2 why the Association was formed -- displays,
3 advertising -- there are all sorts of areas where
4 we could co-operate without touching on this very,
5 very delicate business of editorial books.

6 I think we stay very much separated at that point
7 but combine in all kinds of other undertakings.

8 MR. CAMP: It is difficult to ask the
9 government, for example, to find solutions to
10 problems of monomania.

11 MR. LEE: Quite true, but the
12 problem of operating capital is not dependent on
13 monomania.

14 MR. CAMP: Well, to a degree the
15 fact is that you are operating under the conditions
16 which you are and find it difficult, or have found
17 it difficult if not impossible, to effect any
18 efficiencies in your operations by combining your
19 resources, and I take it that the assumption you
20 are making is that this is possible --

21 MR. LEE: Let me draw one thing
22 to your attention. I can't present figures to back
23 this up so you will have to assess it on the merits
24 of the general argument. It seems to me if you took
25 one of these small houses and performed various
26 kinds of surgery on it to make it more efficient,
27 more academically rational and then compared it with
28 the house the way it functions now where there
29 tends to be duplicate functions among each other,
30 where business standards are dotty, they must be



1 much more lavishly produced than they should be
2 and if you then take into the fact that a lot of
3 them have people working for salary or people
4 working for a quarter of the salary you would
5 expect for the amount of time they put into it,
6 I think if you compared the two models, the
7 rationalized efficient one and the unrationalized
8 one with people absorbing a great deal of the
9 cost through lower salaries and poor working
10 conditions you might find that the amount of money
11 thrown around is about the same in the two cases,
12 although in one case it took the form of man
13 hours and working conditions and the other
14 was taken up by more rational procedures.

15 MR. CAMP: Well, there has been
16 a dramatic increase in your cost of operation
17 which I gather has not been the result of the
18 dramatic increase in the cost of incomes and
19 salaries?

20 DR. JEANNERET: You have not
21 been able to afford success?

22 MR. LEF: That is right, success
23 has always killed us.

24 MR. CAMP: Just one thing on the
25 libraries. You recommend the province of Ontario
26 purchase several thousand copies of the best trade
27 books. Do you mean trade books?

28 MR. LEF: I mean trade books in the
29 broader sense, books that you can walk across the
30 street and pick up. By that I mean only school



1 textbooks.

2 MR. CAMP: I assume they have
3 purchased books from you?

4 MR. LFF: Yes.

5 MR. CAMP: How many, a reasonable
6 quantity?

7 MR. LFF: No, we have a very difficult
8 time to make sales particularly because we do not
9 have salesmen who travel. Houses like ourselves
10 I think are dependent on word of mouth, more or less.
11 Our library sales would be maybe 300 copies of the
12 title, this is for all of Canada.

13 MR. CAMP: 300 copies per title?

14 MR. LFF: Yes.

15 DR. JEANNERET: Well, we were discussing
16 that yesterday and we got the impression from
17 Mr. Martin that library sales were extremely important
18 in making or breaking a firm. It would be difficult
19 to get started. I am very much paraphrasing what
20 he said.

21 MR. LFF: It is particularly difficult
22 for us because normally library sales have a
23 terrific cost.

24 MR. CAMP: But you think there would
25 be a public demand for works at the library and a
26 demand for works at the book stores? In other
27 words, you have a very telling phrase here, I think,
28 with poetry and fiction. You call it the suicide --

29 MR. LFF: Sector. If these books
30 were subsidized in this manner by what I would assume



1 might very well be overstocking the library
2 if there is or is not a public demand for them.
3 I am not making any value judgment as to the
4 individual book or books except that that is,
5 to some degree, determined in the marketplace?

6 MR. LEF: This is not taking a very
7 large view of the matter.

8 MR. CAMP: I am not taking any view
9 at all.

10 MR. LEF: There are statistics,
11 there is a claim that has been circulating for the
12 last three or four years that I have been unable
13 to track down so I don't know how true it is,
14 but there are more poetry books per capita sold
15 in Canada than in any other country.

16 DR. JEANNERET: And Britain.

17 MR. LEF: And Britain.

18 DR. JEANNERET: Surely.

19 MR. LEF: I am sure that is true.
20 We have got hundreds of them. The public interest
21 in what for other reasons is a suicide sector
22 is very high. If you print a book in the States
23 and bring it to Canada and sell a couple of thousand
24 copies of it, in many cases I think you would jump
25 for joy. There have been a lot of those books
26 brought in from the United States which are bought
27 by libraries because of the overspill, the media
28 advertising in the sense that this is what everybody
29 wants and their initial promotion budget would be
30 \$75,000 at least.

The first part of the paper discusses the importance of the study of the history of the English language. It is argued that the study of the history of the English language is not only a matter of academic interest, but also a matter of practical importance. The study of the history of the English language can help us to understand the development of the English language and to see how the English language has changed over time. This can be useful in many ways, such as in the study of literature, in the study of the history of the English language, and in the study of the English language in general.

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1 That hits the Canadian librarians.

2 MRS. GIBSON: The Canadian
3 media, as we know.

4 MR. CAMP: What you seem to be
5 saying is the thing is suicidal, not because
6 the public takes an attitude, but because of
7 lack of promotional advice and the fact that the
8 libraries, for one reason or another, don't
9 stock them to the degree you feel they should?

10 MR. LEE: Also because of the
11 absence of the quantities involved. An overrun
12 of 2000 books in Canada, for which the basic
13 cost is being paid by American sales is just
14 gravy, but if your main market is in Canada,
15 then you go broke publishing the same number
16 of copies.

17 MR. CAMP: One solution of the
18 overrun problem would be passed onto the libraries?

19 MR. LEE: Yes.

20 DR. JEANNERET: By implication,
21 at least, you have made the point that Canadian,
22 original Canadian publishing must be educational
23 publishing, or very largely educational publishing
24 provided, of course, that you don't neglect
25 publishing in that segment. Why haven't you
26 gone into such a profitable field more than
27 you have if, for no other reason than to
28 enhance your capacity to publish Canadian fiction
29 and poetry?

30 MR. LEE: I think the main reason,



1 sir, is that since we began four years ago we
2 have been on just a series of treadmills.
3 A number of educational projects have come along,
4 some of which have interested us and some of
5 which didn't interest us at all, but in any
6 case, the internal necessities of what we are
7 already doing -- we were interested in running
8 as fast as we could to keep up with this.
9 Educational publishing has different rhythms
10 and different time spans and priorities and so
11 forth and our schizophrenia takes a different
12 form. We just have not been able to up to now.

13 DR. JEANNERET: In what sense --
14 you are saying the foreign-owned publishers
15 operating in Canada, based on the presentation
16 you made earlier this morning, are operating
17 in a field which you are staying out of and
18 you are operating in a field that isn't theirs.
19 That is what I just said. So just how are
20 you affected so adversely by the competition
21 at the present?

22 MR. LEE: I wasn't speaking for
23 the House of Anansi in suggesting they should
24 bring out more than three volumes during 1969.
25 I think that is a necessity of the country and
26 I think Canada has been very shoddily served.

27 DR. JEANNERET: But they are
28 not in any way competing with you to your
29 disinterest?

30 MR. LEE: At the present, no,



1 because they are not competing. If they got
2 into the field and took some of this away from
3 us ---

4 DR. JEANNERET: You are not
5 competing with them?

6 MR. LEE: I would be delighted,
7 you know, Canadians would be much-better served.

8 DR. JEANNERET: Would you give
9 us a little information on the field you are in
10 and that is paperback publishing? Have you
11 done any original paperback editions yourself?
12 I believe ---

13 MR. LEE: Could you tell me a
14 little more what you mean by that?

15 DR. JEANNERET: Have you done
16 any original publishing of books in paperback
17 and not hardback?

18 MR. LEE: At the beginning we did
19 a fair amount.

20 DR. JEANNERET: In paperback?

21 MR. LEE: That is correct.
22 When you say in paperback, now, are you speaking
23 of a quality paperback or a mass paperback?

24 DR. JEANNERET: I am talking
25 about original publishing in paperback as
26 opposed to publishing in hardback.

27 MR. LEE: Normally we release
28 simultaneously.

29 MRS. GIBSON: Usually, if you
30 are talking about 2000 books, our usual breakdown



1 is 300 cloth and 1700 paper.

2 DR. JEANNERET: You get these
3 reviews in paper?

4 MRS. GIBSON: Absolutely.

5 DR. JEANNERET: That is very
6 interesting. It has always been the policy of
7 publishers that they create the hardcover to send it
8 for their reviews and this is particularly true
9 of the academic publisher, because they assume,
10 when they see the paperback edition that it
11 is a reprint.

12 MR. LEE: It may be that the
13 House of Anansi does something -- also in our
14 areas, I think that the policy here is perhaps
15 a little bit different.

16 DR. JEANNERET: How are you
17 distributing paperbacks, because this concerns
18 us?

19 MR. LEE: Through the book stores.
20 We keep off the paperback racks in cigar stores.

21 THE CHAIRMAN: I want to ask
22 a question which relates to the previous statement.
23 I am very interested in the approaches that
24 have been taken to get into the publishing
25 industry. We have heard from you today in
26 connection with how you started off with \$2500
27 about four years ago and I suppose it is really
28 this, that you were extremely creative and
29 wanted to create by way of publishing. When
30 this comes down to the multi-media, what you



1 are really saying is you are so preoccupied with
2 the creativity aspect of things it is pretty
3 hard to get down to the administrative details.
4 Would it be that kind of approach?

5 MR. LEE: I would like to
6 qualify that a fair amount. I think that Anansi,
7 and a lot of other houses, certainly have not
8 started off with any great administrative
9 abilities, but I think Anansi and a lot of
10 other houses have developed the bookkeeping,
11 accounting and this type of abilities which
12 were needed to keep their internal operation
13 reasonably ship-shape, so that dealing with
14 book stores, you don't get into complete
15 snarl-ups with production and so forth.
16 Taking care of -- I think, for example, that
17 we and a number of other houses give much
18 better service to book stores than a lot of
19 the multi-million dollar houses. We don't sit
20 around with \$20 bills floating back and
21 forth in our office, but on the other hand,
22 the prime administrative expertise -- you don't
23 want to stand back and take an overview and
24 say the rational thing to do would be to
25 emphasize this and change this and cooperate
26 with distribution agencies ---

27 DR. JEANNERET: Make allowances
28 for depreciation?

29 MR. LEE: That type of thing.
30 I think this is one of our big deficiencies.



1 THE CHAIRMAN: You joined what
2 appears to be a group of people who seem to be
3 recommending some form of low interest loans
4 available to the publishing industry.
5 Would you consider this question? In the normal
6 course of business many times starting up with a
7 low-capital structure, such as you started,
8 there is bound to be all sorts of difficulties
9 in financing and so forth, over a period of time,
10 with some notable exceptions.
11 Why is it, do you think, that the book publisher,
12 the Canadian book publisher who starts off in this
13 form, or even starts off like Maclean-Hunter --
14 there is something quite different about the
15 Canadian publisher that justifies the provision
16 of this kind of loan -- what is it that makes
17 this industry different from any other industry
18 in Canada?

19 MR.LEE: Two or three reasons.
20 One is that situations are mandated to ask
21 for loans. Publishing houses can't normally
22 show them. We have no machinery and we job
23 out our printing and we don't have a building.

24 THE CHAIRMAN: There are other
25 houses like that.

26 MR.LEE: Another reason is
27 publishing is such a high-risk industry. I
28 must say that we carried a small bank loan
29 for a year. Recently we have not even approached
30 this -- we have been so scared off about



1 the experiences our colleagues pass on to us.

2 THE CHAIRMAN: You have almost

3 said what I am looking for.

4 MR. CAMP: Is it bigger than a breadbox?

4 MR. LEE: Animal or vegetable?

5 THE CHAIRMAN: What about the

6 value to the people? If you are going to talk

7 in terms of asking the taxpayer to, in effect,

8 subsidize your operation by low interest, you

9 have got to be talking in terms of something

10 that is of value to the culture and social

11 structure of the country. I hope you get there

12 first and not last. Tell me about that, now:

13 MR. LEE: I have been taking

14 this for granted. I think the civilization in

15 a country or a nation that doesn't have the

16 opportunity to enjoy, be horrified by, understand,

17 converse with his own life through the

18 medium of verbal imagination or other media,

19 is a civilization that is completely underdeveloped.

20 In that area it is just as badly off as if it

21 doesn't have enough food or medicine for the

22 people of the country. If those things are

23 not taken seriously by a country, which may

24 in some cases involve subsidizing a few industries,

25 the country is very, very sick. Furthermore,

26 if a country is prepared to take all of this

27 self-understanding and self-definition from

28 elsewhere, the country is not only sick, but

29 it is in serious danger of not existing.

30 THE CHAIRMAN: What you are saying



1 is the Canadian publisher can make an enormously
2 valuable contribution to the Canadian identity,
3 to the structure, emotional and national structure
4 of the country and to the future development of
5 this identity. Is that what you are saying?

6 MR. LEE: I couldn't have said
7 it better myself.

8 THE CHAIRMAN: We appreciate
9 very much your coming and giving us your views.
10 We found them very interesting. I think I can
11 say this on behalf of my colleagues. I personally
12 believe that people who can get off their tails
13 and attempt to make a contribution in the way
14 that you have been doing are most worthy
15 of commendation. The fact that young people
16 like yourselves are in this industry, we are
17 sympathetic to your position and I think we
18 can say we encourage your work and look forward
19 to your growth and survival. The two things
20 must be consistent. Thank you.

21
22 --- (Applause)

23
24 SUBMISSION OF THE CANADIAN SOCIETY OF BOOK
25 ILLUSTRATORS

26 THE CHAIRMAN: I think we should
27 commence. We find, from time to time, there
28 is the odd phone call that takes one of us away.
29 We are in other areas of activity in this
30 world and sometimes they press us pretty hard.



1 We now have with us the Canadian Society of
2 Book Illustrators. Mr. Brigden, will you open?

3 MR. BRIGDEN: Thank you, Mr.
4 Chairman. The Canadian Society of Book
5 Illustrators is an organization in the
6 sense that it has been together and active since
7 1964. As you probably noticed, our brief is
8 quite brief. We have applied certain, sort of,
9 what we call recommendations and perhaps we
10 would like to add to the brief by way of
11 example or discussion.

12 I have with me today, Miss
13 Colette MacNeil, who is the president of the
14 Society this year, Mr. John Lasruk, who is our
15 Treasurer, and Mr. Douglas Sneyd at the far
16 end of the table, who is one of the founders
17 of the Society and is still with it. I might
18 say, practically all the founders are still
19 with the Society.

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1 As we indicated in our brief the Society is made
2 up of illustrators who are active in the textbook
3 and other fields for many, many years, are well
4 known in the field and our aim was to encourage and
5 advocate the field of book illustration in Canada.
6 For this reason we are interested in the problems
7 before us.

8 I wanted firstly to ask Colette
9 about what she knows of what has happened with
10 regard to the work opportunities in the book
11 illustration field.

12 MISS MacNFIL: When the Society
13 was founded seven years ago on May 11, 1964, most
14 of the members involved in it were almost totally
15 occupied in the field of book illustration and
16 today most of these people have had to diversify.
17 These are professional artists who have been in
18 the business for many years.

19 DR. JEANNERET: You are talking about
20 illustration as such and not design or typography
21 necessarily?

22 MISS MacNEIL: No, basically
23 illustration. It overlaps a bit into design but
24 it is mainly illustration. Many of our members
25 in the Society are now teaching in other fields
26 such as advertising art to make a living. This
27 is what they have to do because of the reduction
28 in the work. Mr. Sneyd is a particular
29 example, he is a well known cartoonist.

30 THE CHAIRMAN: How many members do



1 you have?

2 MISS MacNFIL: There are almost two
3 dozen long-standing members. This is the core
4 of illustrators that have been in the field for
5 quite a few years.

6 DR. JEANNFRET: This drop-off in
7 available employment, in free lance employment
8 I presume mostly, I presume, is this something you
9 can demonstrate or is it an impression? I
10 am not asking you to give us statistics but could
11 you?

12 MR. BRIGDEN: I think it is
13 demonstrated mainly by the fact that of these
14 illustrators who are doing practically all of the
15 illustrations in the textbook field at the time
16 we were founded in 1964 there is hardly one of
17 them who has made a living doing those trades
18 alone.

19 DR. JEANNFRET: Were they making
20 a living at that time?

21 MR. BRIGDEN: Yes, they were, that
22 is the point.

23 MISS MacNFIL: If you take ten
24 years ago the credit line in the Canadian textbooks,
25 heavily illustrated books, are all of American
26 illustrators. These books I have here today
27 I have underlined all Canadian illustrators in
28 the credit line in these books and if you want to
29 see them they are very few.

30 DR. JEANNFRET: As a matter of



1 interest, are they books from circular 14 or
2 do you know? Well, don't pursue that now,

3 MISS MacNFIL: But the
4 basic point of our report is that Canadian
5 illustrators have been confined to particularly
6 textbooks. Their opportunities for research are
7 much greater than any non-Canadian illustrator
8 and they are more sensitive to the Canadian way
9 of life as far as illustrations are concerned.
10 They do much thorough research, of course, because
11 they are Canadian and they are more aware of the
12 Canadian content in these books.

13 One particular example is my
14 own experience with an illustration for a story
15 about Sir John A. Macdonald in his youth, he
16 was coming home from school and in the illustration
17 the schoolhouse had to be pictured. The
18 publisher was very adamant that this schoolhouse
19 should be made of Kingston fieldstone. Of
20 course any non-Canadian illustrator would
21 not have any knowledge of this or would have to
22 find some difficulty in researching this particular
23 point in the illustration.

24 We are aware that there are certain
25 textbooks that may have to be very specialized
26 books, science books, mathematic, et cetera,
27 where perhaps there is not that much information
28 here.

29 DR. JFANNI'RET: The market is too
30 small?



1 MISS MacNFIL: Yes, the market might
2 not be that great but I think particularly in the
3 field of readers which are heavily illustrated
4 as you can see, almost every page contains an
5 illustration for a child at a particularly
6 sensitive age when he or she should be aware of
7 his Canadian identity. There are certain examples
8 that some of our members have cited such as
9 retouching American illustrations and American
10 flags and retouching a Canadian flag into it.

11 DR. JEANNERET: I remember when
12 we used to just have to take the cigars out of
13 the mouths but we have to retouch the flags too..

14 MISS MacNFIL: I have here, for
15 example, an illustration of a purely Canadian
16 content that has to do with Canadian Indians. This
17 is to use in a book and there is quite detailed
18 research involved in this illustration. You
19 probably can't see all of it but there is quite a
20 lot. This can only be done really -- I shouldn't
21 say only but most proficiently be done by a
22 Canadian illustrator who has at his hand the
23 information that has to be incorporated.

24 DR. JEANNERET: Who is the artist?

25 MISS MacNEIL: This is Lewis Parker.

26 THE CHAIRMAN: Who is Lewis Parker?

27 MR. BRIGDEN: Mr. Parker is
28 another founding member of the Society. He
29 has also done a lot of cartoon work for the Toronto
30 Star and had a great deal of experience in the



1 illustrating field. I believe a lot of his
2 sketches are published in Huronia,
3 Huron Village.

4 MISS MacNFIL: This requires quite
5 a lot of research. Here is another example of
6 a book cover. This is the art work, the original
7 art work for a Canadian book cover called the
8 Savage River, 21 Days With Simon Fraser.
9 This was totally illustrated by one of our members.
10 This involves quite a large amount of research.
11 The sketches are here, the pencil sketches.

12 DR. JEANNFRET: What you are saying
13 really is that the Canadian artist has a
14 message just as the Canadian author has, not
15 necessarily that the Canadian author is any better
16 or anything else?

17 MISS MacNFIL: I think as
18 illustrators we have just as important a contribution
19 to make to Canadian identity, particularly in the
20 field of education and publishing.

21 THE CHAIRMAN: When was it in
22 time when this drop-off in demand for the services
23 of your members became apparent?

24 MISS MacNFIL: I think Mr. Sneyd
25 might be able to answer that.

26 MR. SNFYD: I would think probably
27 several years ago. I might say here that I think it
28 is evident to everyone that sometimes artists,
29 their abilities diminish or they don't keep up
30 with the times and with the styles that the editors want



1 and so consequently perhaps they are shelved
2 but I do know this, that most of our members are
3 quite qualified and a lot of them are fresh out
4 of art school and there just is not the work
5 available. I don't know whether Colette made
6 it plain to you people or not but most of the
7 books you are looking at now have been illustrated,
8 the book has been illustrated by American
9 illustrators.

10 MR. CAMP: Most of the material
11 in the book.

12 MR. SNEYD: Most of the material in
13 it is American. When they are talking about
14 Abraham Lincoln they will exchange it and put
15 in Sir John A. Macdonald.

16 THE CHAIRMAN: Well, the books
17 which you have produced, there are three of them,
18 books 4, 5 and 6. They are books by W.J. Gage
19 Limited, printed and bound in Canada. These
20 are the books to which you have made reference
21 and you have said that there is no Canadian
22 illustrator involved in these publications.

23 MR. SNEYD: I think we could take
24 books from any one.

25 THE CHAIRMAN: I am talking to the
26 record about the books you have produced to us.

27 MISS MacNEIL: The illustrators
28 who are Canadian are underlined in there. I
29 have not counted the number of other illustrators
30 but as you can see they are in the majority, the



1 other illustrators are in the majority, non-
2 Canadian illustrators.

3 Now, the reason for this probably
4 we feel is the importation of illustrations on
5 film. It is much easier to record an illustration
6 on film, it is smaller in size and it will go
7 on easier than a big bulky piece of finished art
8 like I have handed to you there. It has the
9 normal appearance of finished illustrations, a
10 large piece of art board. Most of these
11 illustrations in these books are done perhaps
12 half up or twice up from the normal size that
13 they finally appear in the book.

14 DR. JEANNERET: Miss MacNeil,
15 I would like to ask you just how precise the
16 market you seek to serve is? We know the number
17 of titles that are on circular 14, we know the
18 percentage of those titles which are Canadian
19 authored and Canadian-produced and it is very high.
20 Do you know whether or not you are talking about
21 books on circular 14?

22 MR. BRIGDEN: I don't know if we
23 can give you an exact figure.

24 DR. JEANNERET: I am not asking for
25 statistics but generally speaking are you saying
26 that American artists are appearing in Canadian-
27 authored, Canadian manufactured books on circular
28 14? You must be very careful not to leap to
29 conclusions because we look at a particular sub-
30 mission and we are talking about 1,300, 1,400



1 titles on circular 14 and here are two or three
2 and I don't know if they are on circular 14.

3 MISS MacNFIL: Circular 14 deals
4 with textbooks.

5 DR. JEANNERET: Indeed it does.

6 MR. BRIGDEN: Those I believe you
7 will find are on circular 14.

8 DR. JEANNERET: They have almost
9 been scripture in Ontario schools and I wanted
10 to know how you related to that in studying your
11 market or are you speaking from the standpoint
12 of impressions which might still be accurate or
13 they might be inaccurate? You are making a
14 very interesting point.

15 MISS MacNFIL: We find it very
16 difficult to obtain statistics on how much
17 American illustration is used because, of course,
18 we go to a publisher and say, "This is a Canadian
19 book illustrator, we would like to know how much
20 American art work you are using".

21 DR. JEANNERET: You don't know that
22 there is any American art work in any of the
23 Canadian-authored, Canadian manufactured books
24 in circular 14, do you, as a fact? I am not
25 saying that there is, but you don't know for a
26 fact?

27 MISS MacNFIL: Well, those are
28 preponderantly American artists, the ones I left
29 with you and we suspect, I can't say for sure
30 but this is mostly imported film art work.



1 DR. JFANNFRET: I think you are
2 probably mistaken in this respect but this is a
3 matter we will check.

4 MISS MacNEIL: Well, I can't
5 say with any certainty on that but what we certainly
6 know for a fact is that our job opportunities
7 have been reduced and we perhaps look for reasons
8 and these are the reasons we find. We can't
9 be certain.
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1 When a certain industry, the
2 book illustration industry, has dwindled so
3 much in recent years, we can only sort of tie
4 all those facts together that we see and say
5 "Well, the Canadian -- non-Canadian artists
6 are doing a lot of book illustrations".

7 MR. CAMP: Has there been
8 a substantial decline in opportunities,
9 let us say, in the advertising field, for example?
10 It has gone substantially now to photography
11 and in the magazine field as well.

12 MISS MacNEIL: This is a
13 field we notice, of course. A lot of our
14 members, a lot of people I know have done book
15 illustrations and have gone into these fields,
16 because they have to make a living and it is
17 very difficult to make a living.

18 DR. JEANNERET: Apart from school
19 books, what do you know about the children's
20 book market in Canada? This is a definite
21 market for the illustrators.

22 MISS MacNEIL: We don't really
23 know too much about that. You mean trade books?

24 DR. JEANNERET: Yes, the non-
25 textbooks.

26 MISS MacNEIL: As far as I am
27 concerned, I don't see too many children's
28 trade books around. I see some very good
29 examples, but they are very few and I think they
30 are excellent, you know, examples of children's



1 books. We are concerned mostly with educational
2 publishing.

3 DR. JEANNERET: Could I anticipate
4 your recommendations and ask you a question?
5 I would like to ask the Society, if
6 the Society should recommend that proposed
7 textbooks should be approved at the manuscript
8 layout stage rather than after the expensive
9 costs of the publication?

10 MR. BRIGDEN: I think John
11 Lasruk could answer that.

12 DR. JEANNERET: I ask you this
13 because this would occur, presumably, in
14 advance of the publishing investment in book
15 illustration; in other words, the decision
16 would have been made before you were hired and
17 I would assume that the latter, the illustration,
18 that is, as you have been making the point,
19 is often an integral part of the presentation
20 and deserves to be treated and considered as
21 such, as part of the decision that has to be
22 made. Don't you feel in this regard that
23 the relation of the author, the author of the
24 text to the manuscript, should be at least
25 as secure as that of the illustrator? Are
26 you asking for a degree of security for the
27 artist that you don't expect the author to have?

28 MISS MacNEIL: It would be
29 rather good if we could have security for all
30 Canadian creative people.



1 DR. JEANNERET: How do you get
2 security for the artist if this decision is
3 made in advance of production?

4 MR. LASRUK: Simply because the
5 reticence of the publishers would obviously be
6 lowered by not having publishers produce their
7 books in advance and having them perhaps not
8 approved.

9 DR. JEANNERET: What about the
10 illustrations?

11 MR. LASRUK: We expect at
12 least there would be roughs shown to the people
13 who do the judging, if judging is the word for
14 it. Perhaps even a certain number of finished
15 pieces of art, so we would know what the
16 artwork would look like.

17 DR. JEANNERET: Do you think
18 this would help the net increase in the profit
19 of artists?

20 MISS MacNEIL: It would help
21 preserve the Canadian publishing industry.
22 We have an example here of a book he has in
23 his hands now that was completely printed and
24 published and then not approved, at a cost,
25 as far as we know, which had to be borne
26 totally by the publisher.

27 DR. JEANNERET: Presumably the
28 artist was paid?

29 MISS MacNEIL: It is a complete
30 saleable unit now. It is not just roughs and



1 manuscripts. This is a very expensive process
2 to get a book into this shape, you know, as
3 you well know.

4 MR. CAMP: Does an artist
5 do rough layouts on spec?

6 MISS MacNEIL: He is commissioned
7 to do -- you have over there some examples
8 of roughs, pencilled roughs, which are quite
9 comprehensive, showing what we feel would be
10 enough to show what the final artwork will be.
11 Even if at a stage further, say, an illustration
12 was in full colour and the artist would do the
13 sketch in full colour.

14 DR. JEANNERET: This leads to
15 the next question I want to ask on the brief
16 you have prepared. On studying it, I would
17 like to ask whether or not you see any merit
18 in the argument that book illustrators should
19 more often -- I am not taking a position on
20 this -- should more often be paid for the
21 contribution in the same way that authors are
22 paid, that is, by sharing in the royalties
23 on sales?

24 MISS MacNEIL: That is again a
25 way of paying a book illustrator if the book is
26 to be used and reprinted many times. We have
27 several members in our society who do work on
28 a royalty basis.

29 DR. JEANNERET: I think you are
30 probably referring to their working on a basis



1 that if a book is reprinted they be paid again,
2 but that is not the same as I am asking. I am
3 asking whether or not you think you should be
4 paid on the same basis as authors and take
5 a speculative risk as the author takes. If
6 this should happen, presumably the total royalty
7 level would have to be expanded upward so that
8 such a possible formula could be adopted.
9 I realize, in asking this question, that
10 royalties and levels of payment are not matters
11 that can be legislated or regulated. They
12 have to be negotiated. What are your views
13 on the desirability of a royalty percentage
14 interest for an artist rather than for any
15 payment at all?

16 MISS MacNEIL: I think you are
17 thinking mostly of trade books in this regard.

18 DR. JEANNERET: No, I am thinking
19 of textbooks too. They are in the same
20 position as the artist would be in the same
21 position as the author.

22 MR. BRIGDEN: Sir, there are two
23 answers to this. Firstly, several members
24 of the Society do work on this basis and have
25 from their inception. We do work on a royalty
26 basis on the original artwork.

27 DR. JEANNERET: It must be the
28 exception rather than the rule?

29 MR. BRIGDEN: It may or may
30 not be. It is the exception in the majority



1 but we have no objection and would have no
2 objection to working on that basis. The other
3 part of the answer to you is that very frequently
4 the artist will be quite prepared to be paid
5 only for the roughs until the work would be
6 approved under the system we have advocated
7 that we have suggested here. In that case,
8 he would be paid for his rough work and when the
9 book is approved, it would be a matter of being
10 paid for the finished drawing and he would then
11 be paid for it. What we are saying in that
12 particular recommendation is that we feel the
13 publishers, particularly the textbook publishers,
14 and in the example of the book we have just given
15 you, are being asked to take a very high risk
16 and, as a result, they are getting cut off and
17 sometimes suffering tremendous loss.

18 DR. JEANNERET: The author would
19 be taking a higher risk.

20 MR. BRIGDEN: The author and the
21 artist would be taking a somewhat similar risk.
22 The author would then be taking a higher risk
23 than the artist.

24 DR. JEANNERET: The artist does
25 not sit down and submit a sketch or rough outline
26 of what he intends to do and submit it to a
27 publisher, even under this procedure you are
28 proposing with the expectation there is going to
29 be an adoption of that book. He has got to do
30 his job. This is not parallel.



1 MR. BRIDGEN: We are not paralleling
2 ourselves to the authors.

3 MISS MacNEIL: We are not putting
4 any comparison on this basis at all, but we
5 are mostly concerned with our profession. The
6 point here, with Canadian, wholly Canadian-owned
7 publishers, they have to submit an example like
8 this, whereas perhaps a Canadian subsidiary
9 might have a book already published in another
10 country and submit that book and say "Here we
11 go. We have got this textbook that is already
12 illustrated". It is already published and the
13 board can see this book as a total, complete
14 unit already published and they will say "To
15 Canadianize this book we will make these changes.
16 Would you like to do this and we will put it on
17 the list?". Whereas, the Canadian publisher
18 has not got this advantage. They have to
19 say "We will submit the manuscript and the
20 sketches and the illustration sketches" and the
21 board might say "No, we want to see it published".
22 Therefore, the Canadian publisher has a distinct
23 disadvantage in this regard.

24 DR. JEANNERET: Our Canadian
25 publishers commonly get a book on this list
26 by this route.

27 MISS MacNEIL: Yes. This is
28 something that would have to be examined
29 because ---

30 DR. JEANNERET: It used to be true,



1 I can tell you.

2 MR. CAMP: I am intrigued, though,
3 by some of your examples, sir. This is a
4 Canadian text published by a Canadian publisher
5 and I was reading a story about Sir William Osler
6 who is a Canadian, written by an American and
7 illustrated by a man in Britain who died in 1925.
8 It is published by Oxford University Press
9 and the only think it indicates to me is the
10 difficulty in being so successfully
11 flexible.

12 MISS MacNEIL: It does get
13 involved.

14 MR. CAMP: You say:
15 "There should be some means of
16 restricting the importation on
17 film of artwork and illustration,
18 particularly in the field of
19 educational publishing. It is
20 essential that strict control be
21 imposed upon the number of
22 non-Canadian texts approved for
23 use in Ontario schools."

24 There is probably something to that but it
25 has been suggested to the Commission, for example,
26 that this be a 75 per cent of Canadian content.
27 Would you expand a little on what your view
28 is?

29 MISS MacNEIL: The question
30 is probably going through people's minds as to



1 how or why can't Canadian illustrators compete --
2 after all, it is a free enterprise market.
3 Why can't they compete with non-Canadian illustrators,
4 for instance? We can. You know, our
5 ability is comparable to theirs. That is not
6 what we are saying, but we are competing with
7 prepackaged goods.

8 A lot of these illustrations have
9 been already published. They are imported on
10 film into this country and republished in this
11 country. Therefore, our profession, our work
12 opportunities have been reduced. We are
13 perfectly happy to compete with anybody on an
14 equal basis, but you can't compete with the
15 second-hand prepackaged material and this is
16 one of the key things, beefs that we have.
17 It is the facility of importing this filmed artwork
18 and also through Canadian subsidiaries has
19 become the norm rather than the exception in
20 recent years.

21 MR. CAMP: I suppose the amount
22 of exporting work of this kind from Canada to
23 elsewhere is minimal?

24 MISS MacNEIL: This is a point
25 that you might like to have brought up, which
26 is very good. We can compete with them on an
27 equal basis, so there is no -- it is not quite
28 the same thing because there is no film artwork
29 going the other way, as far as we know.

30 MR. CAMP: None.



1 MISS MacNEIL: Some of our
2 members might do American illustrations, but
3 it is exported as, the artwork as it stands,
4 in a large package, but Mr. Lasruk has some figures
5 on exposed film imported into this country of
6 which certainly a great percentage might be
7 this filmed artwork.

8 MR. CAMP: So there would be
9 no risk to reciprocity?

10 MR. BRIGDEN: We don't think so,
11 sir.

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1 As I say our problem is a question of this pre-
2 packaged situation. It is a series of illustrations
3 available for use and going back to your question,
4 what we are concerned with insofar as percentage
5 of Canadian content is concerned is that we are
6 concerned with those illustrations that are directed
7 to children where we think the illustrations should
8 give the true picture and therefore the history
9 text, the geography text, your basic readers,
10 where you can see examples of American backgrounds
11 in American style clothing or British style
12 clothing or British style backgrounds in the
13 illustrations. Subtle as it may be this does
14 affect a child's mind. A child sees that kind
15 of thing and wonders why. We say it is better for
16 our Canadian children if they have a Canadian
17 background as opposed to an American background
18 and Canadian statues as opposed to statues of
19 Lincoln. These are the sort of things that are
20 appearing in these texts that we feel --
21 it is not what we are talking about when we talk
22 about Canadian content and we are talking about
23 those kinds of texts, the texts that have the impact
24 to deal with our history, to deal with our geography
25 and to deal with our heritage.

26 MR. CAMP: So, what you are saying
27 is that material which is exclusively Canadian in
28 its content?

29 MR. BRIGDEN: Yes.

30 MISS MacNFIL: It is a very subtle



1 problem.

2 MR. CAMP: I see pictures in this
3 of Zulus.

4 MR. BRIGDEN: There are pictures
5 in there also of Indians and they happen to be
6 Navajo. We don't have a Navajo Indian in Canada
7 that I know of.

8 DR. JEANNERET: I don't quite
9 understand that.

10 MR. BRIGDEN: In the illustrations
11 they will be dealing with American style English.
12 Any time they depict an Eskimo it is an Alaskan
13 Eskimo and not from the James Bay area.

14 MR. CAMP: I understand your point.
15 I was trying to find out precisely what one could
16 do. It has to be done I take it by some kind of
17 statute or some kind of caveat by the Department
18 of Education or the Government of Ontario or by
19 the federal government, I would gather?

20 MISS MacNFIL: There are terrible
21 ironies here. In our group for instance I
22 mentioned before that many members have just gone
23 on to the teaching profession, teaching illustration
24 and there are more and more students coming out
25 and saying, "I want to be a book illustrator",
26 but there is not the market for book illustration
27 so eventually if you sort of project this a little
28 bit farther, our students educated in this country
29 will have to go to other countries to do Canadian
30 book illustrations which I think is a terrible irony.



1 MR. CAMP: This kind of book
2 illustration, the opportunities are substantially
3 in the textbook field?

4 MISS MacNEIL: Yes.

5 MR. CAMP: Or in children's books?

6 MISS MacNEIL: Particularly
7 students who are straight from one of the colleges,
8 OCEA or whatever. Book illustration used to be
9 a good training for the young illustrator because
10 the deadlines are not quite so tight. The
11 standards are very high, of course, but the
12 deadlines are not so tight as in other fields of
13 art, such as advertising. Many of our members
14 have worked in some form of advertising but
15 book illustration has always seemed to be, you
16 have a little bit more time to research and
17 perhaps have a little bit more creative work,
18 if a publisher wants something illustrated in a
19 certain way and so on, but it has to be a training
20 ground for Canadian illustrators and now that
21 that has been reduced there is not this opportunity.

22 MR. CAMP: But the reduction in
23 this is really on the initiative of the judgment
24 of the Canadian publisher or the book publisher
25 in Canada, that is to say he is the guilty party
26 who imports the film or he is the one who decides
27 not to use Canadian illustrators?

28 MR. LASRUK: I think a certain
29 amount of it has to do with the fact that the
30 industry as a whole is in a slump and there are no



1 opportunities for anybody, to an extent that is
2 right, it is partly the fault of the publishers.

3 According to the Dominion Bureau of
4 Statistics almost \$5 million worth of pre-exposed
5 film was imported into the country last year,
6 \$4,400,000 of that came from the United States.

7 MR. CAMP: What was the expenditure
8 by the publishing industry in Canada for
9 illustrative material that originates here?

10 MR. LASRUK: I can't give you that
11 information. It is almost impossible.

12 MR. CAMP: Half of it or 75 per
13 cent of it?

14 MR. BRIGDEN: These are questions
15 we can't get answers to. Maybe you can.

16 MISS MacNEIL: We have tried to
17 get figures and people have been very close-
18 mouthed about it.

19 MR. LASRUK: It seems a funny thing
20 to say but we have tried to get it but we can't
21 and we are sorry we can't give you statistics
22 but it is true. By and large the industry is very
23 close-mouthed. Gage has been very good about it.

24 MR. CAMP: As a last question:
25 Do you personally feel that they are any more
26 discriminated against in the degree to which they
27 have opportunities than American publishing firms
28 here as compared to Canadian publishing firms
29 in the textbook field?

30 MISS MacNEIL: I don't understand



1 that, that we are more prejudiced against them?

2 MR. BRIGDEN: You mean by that
3 sir, do we feel that if we go to an American
4 publisher here to do illustrations that we don't
5 get the work because we are Canadians? Is that
6 what you mean?

7 MR. CAMP: Is there any evidence
8 of that?

9 MR. BRIGDEN: We couldn't give
10 you an example of that.

11 MISS MacNEIL: I don't really think
12 so.

13 MR. SNFYD: The bulk of them are
14 American-owned anyway.

15 MR. CAMP: I am talking whether
16 or not this is an industry-wide practice, that is,
17 it is just as much a practice of Canadian
18 publishing houses as it is American publishing
19 houses domesticated here or publishing here?

20 MR. BRIGDEN: I don't think we
21 have noticed any difference. Since my association
22 with the Society I have not heard anything
23 expressed of this nature by members of the Society.

24 MR. LASRUK: Since most of this
25 practice takes place in the textbook field and,
26 of course, there are publishers who publish
27 textbooks obviously we would have to say it goes
28 on less in trade books. For instance, McClelland &
29 Stewart, I don't think they use any American
30 illustrated material at all. If they want to publish

1 a book they will hire Canadian artists to do the
2 book jacket.

3 THE CHAIRMAN: May I come back to
4 this? Again I want you to just speak to the
5 record for a moment if I can do this without
6 being interfered with for just a moment.

7 The books you have produced are
8 three books, printed and bound in Canada by
9 W.J. Gage Limited. One of them is entitled,
10 Ventures, book No. 4 of the new basic readers.
11 Looking at book No. 4 and also looking at book
12 No. 1 and book No. 6, it is apparent that these
13 are textbooks and it is also apparent that the
14 basic stories in these textbooks are of foreign
15 origin according to the copyright acknowledgements
16 with most of these stories and that the illustrations
17 have come with the stories and are not of
18 Canadian origin, as the stories are not of
19 Canadian origin. It would appear from these books
20 that the practice of this publisher in relation
21 to this particular set has been to bring into
22 Canada from outside the stories and the illustrations,
23 but at the same time to obtain from certain
24 Canadian authors certain Canadian-authored stories
25 which are inserted into the book and that there
26 are some illustrations acknowledged on the last
27 page of each of these books. In this instance
28 I am looking at acknowledgements for the
29 illustrations in Open Highways which is No. 5
30 and there must be acknowledgements for illustrators



1 perhaps in the neighbourhood of perhaps 40 and
2 we have two Canadians in this acknowledgement.
3 One is Douglas Sneyd and the other one is Jim
4 Walker.

5 In No. 4 there are perhaps 25
6 acknowledgements of illustrations and in this
7 instance there are four Canadian illustrators.

8 I don't know if there is anything
9 in Calvalcade which is No. 6. There appear
10 to be roughly about the same number, 25 or perhaps
11 less, with three Canadian illustrators.

12 I might say to you that the
13 Commission is much aware of the practice that
14 is evidenced in these books by Canadian subsidiaries
15 of foreign corporations in the textbook industry
16 of utilizing the material which they have
17 created in their parent companies both in the
18 authored form and the illustrated form and
19 really in the printed form and then adopting them
20 to Canadian use. I think this is one of the areas
21 that concerns you because you can see the
22 opportunities for your employment going out the
23 window as this practice increases.

24 It cannot be argued in this kind
25 of text that this type of publication could not
26 be made by Canadians. In other words, it is the
27 kind of book that could be written by Canadians
28 or a series of Canadians. It is not something
29 that is absolutely unique or technical.

30 Now, I believe it is the intention



1 of the Commission to undertake extensive research
2 into the extent to which this practice has now
3 occurred and the extent to which the books approved
4 in circular 14 are books of this general kind
5 of nature. We are very interested in this and
6 the ramifications of it for Canada and for your
7 profession and for others. Of course, we will
8 come to no conclusion until we have looked at
9 it but it is very significant, I think, to us.
10 We appreciate your drawing it to our attention.
11 This is the first illustration of this we have
12 had, I am sure we will have many more.
13 We will, of course, as I say, come to no
14 decision at the moment but I want to make a note
15 on the record that you have brought to our
16 attention the nature of this particular kind of
17 publication.

18 DR. JFANNERET: May I add,
19 Mr. Chairman, that there is nothing in what you
20 said that appraises these books finally because you can't
21 have a Canadian Ogden Nash and Alfred Noyes
22 and to some extent these are international
23 anthologies nor would we be advocating that
24 Canadian children should not have access to such
25 literary content but you have made a good point
26 on the illustrations.

27 MR. CAMP: My question was: Do
28 these represent kind of a random sampling or are
29 these meant to represent some of the worst examples
30 of the practice?

1 MR. SNEYD: I would like to say,
2 although we have singled out W.E. Gage here,
3 which has been very good to a lot of us, I don't
4 want to downgrade Gage because they have been
5 very good to me, but we could have taken in
6 Holt Rinehart or Winston, and any number of
7 them, and come up with a similar selection of
8 books and I think you would have drawn the same
9 conclusion.

10 THE CHAIRMAN: There is one final
11 thing I would like to ask and that is, could
12 your organization please examine as carefully
13 as you can, when it first observed
14 that the demand, particularly in the textbook
15 field, the demand for its services began to
16 markedly diminish? The reason I ask that
17 question is I am interested in ascertaining
18 whether or not there is any interrelationship
19 between that timing, the timing of the change
20 of policy of the Department of Education in
21 relation to Circular 14. If you could statistically
22 or in some way or another give us this
23 information, it may be of value and it may not.

24 MR. BRIGDEN: I have made a
25 note of that and I will bring it up at our
26 regular meeting, which is about a week and a
27 half away and it will be brought up at that time.

28 THE CHAIRMAN: We thank you
29 very much. Your submission has been most
30 helpful. Thank you.

SUBMISSION OF W.B. SAUNDERS CO. PUBLISHERS

THE CHAIRMAN: The next presentation is by Mr. Cornwall, the General Manager of W.B. Saunders Company Canada Limited. Mr. Saunders -- I am sorry -- Mr. Cornwall, we welcome you and we have examined your brief and would be obliged if you would enlarge on the high points and we will discuss it.

MR. CORNWALL: In my brief, Mr. Chairman, I stated that the W.B. Saunders Company in Toronto had been in operating for a little over three years and is a subsidiary of a U.S. publishing house. At present, we do not have a publishing program in Toronto and our activities are confined to a distribution function. We do not act as a multi-publisher agency but handle only our own books for distribution across Canada.

I pointed out that we are specialized publishers and as such, I stress the international aspect. The health sciences, such as medicine, dentistry, veterinary science and nursing, have world-wide applications and are not confined by national boundaries. Although our books are produced in the United States and, starting this year in England, our authors are international and include specialists from around the world. The U.S. parent company has published and are publishing many books



1 authored by Canadians. Besides publishing
2 English-language translations of French, Russian,
3 Danish, German and Japanese medical and
4 scientific books, the W.B. Saunders Company
5 has for many years published translated versions
6 of its own books into our 25 different foreign
7 languages.

8 I say this simply to stress the
9 international overtones of medical and health
10 science publishing. In the not too
11 distant future, I hope to establish our own
12 publishing program in Toronto and this will
13 pave the way for a general exchange of books
14 between our companies in Canada, the U.S.
15 and Britain. Plus, of course, having the
16 existing world-wide market, which the Saunders
17 company now enjoys..

18 In conclusion, I must say that
19 we are doing an extremely difficult job in
20 Canada. Our service is good, our profits are
21 pretty reasonable and we are making a very
22 nice contribution to the government by way
23 of income taxes. But, more importantly, we
24 are making a vital contribution to the
25 educational and cultural wealth of Ontario
26 and of Canada. Some of the best medical,
27 dental and nursing books in the world are
28 available to Canadian hospitals, doctors,
29 dentists, nursing schools, universities, et
30 cetera. We are publishing books written by



1 Canadian authors for distribution to all parts
2 of the world.

3 That just about sums up the brief.

4 THE CHAIRMAN: Thank you.

5 DR. JEANNERET: I have just a
6 couple of questions. You are a very specialized
7 publisher and dependent on an international
8 market. Your parent office and your printing
9 plant are located abroad, that is correct.
10 Would it be fair to assume by far your largest
11 single market is the United States proper?

12 MR. CORNWALL: Yes.

13 DR. JEANNERET: To what extent
14 is your selection of textbook authors
15 influenced by considerations of the enrolment
16 figures at the institutions at which the authors
17 are located? Is that a factor?

18 MR. CORNWALL: I would think that
19 that does not influence us whether we publish
20 the book or not.

21 DR. JEANNERET: Are considerations
22 limited to the extent of the author's professional
23 association and following?

24 MR. CORNWALL: Not really.
25 Every manuscript that is offered to us by a
26 Canadian author, the decision to publish
27 the book is made in Philadelphia at the moment.

28 DR. JEANNERET: Granted that
29 a certain level of quantity has been achieved,
30 and this is substantial, the decision to publish



1 a textbook is a financial decision, is it
2 not, and if the author happened to be located
3 in an institution where he would command
4 immediately a distribution of 150 or 250
5 copies, it must bear on the decision?

6 MR. CORNWALL: Yes. It does
7 bear, but the University of Lethbridge has not
8 a very large enrollment as you know, but
9 we have published a book by a professor at
10 the University of Lethbridge.

11 DR. JEANNERET: In your specialized
12 field of publishing, do you normally seek out
13 authors to undertake particular textbook writing
14 assignments, or do you normally come across
15 such manuscripts in the course of preparation,
16 as it were, through the efforts of your field
17 representatives, by correspondence? Which
18 is the normal?

19 MR. CORNWALL: The normal is
20 the latter way.

21 DR. JEANNERET: You find
22 them. How do you resolve the dilemma that
23 is posed by two good manuscripts in essentially
24 competing areas from different authors at
25 about the same time in history? This must
26 arise.

27 MR. CORNWALL: It is a very
28 difficult decision to make.

29 DR. JEANNERET: Sometimes you
30 do have to ---



1 MR. CORNWALL: I wouldn't
2 know how the decision was made but this happens
3 all the time.

4 DR. JEANNERET: Where is the
5 publishing decision made?

6 MR. CORNWALL: In Philadelphia.

7 DR. JEANNERET: Providing that
8 they don't infringe their own copyright, do
9 you normally require a contractual provision
10 with your authors in your standard contract
11 which prohibits their publishing a competing
12 work on the same topic with another publisher?

13 MR. CORNWALL: Yes.

14 DR. JEANNERET: At any time?

15 MR. CORNWALL: Yes.

16 DR. JEANNERET: I am not saying
17 this to criticize. I just want to get the
18 publishing picture very clearly and established.
19 You might have ten books or even 15 or 20
20 books over a period of time and in some relatively
21 narrow field of medicine, but the individual
22 author would be precluded from writing another
23 book on exactly the same topic?

24 MR. CORNWALL: Yes.

25 MR. CAMP: In your field, Mr.
26 Cornwall, do you consider that you have any
27 competition direct or otherwise, from any
28 Canadian national publishing firm or ---

29 MR. CORNWALL: In the health
30 sciences we don't. With our books, you know,



1 the biological sciences, chemistry and mathematics,
2 yes, but in the medical sciences we don't.

3 MR. CAMP: Your extent is
4 far beyond the English-language world and
5 since you publish in 25 languages besides
6 English, you have a world-wide publishing
7 organization so if there were Canadians who
8 had a worthwhile manuscript, scholarly
9 manuscript or a manuscript in this field, the
10 only -- you would have -- they would have
11 the unique advantage of publishing with you
12 because, if it was published purely in Canada
13 or even purely in North America, the opportunities
14 would be very limited.

15 MR. CORNWALL: This is true.
16 There is a good example of that last year
17 by two doctors in Montreal. They both teach
18 at McGill University and they are both at
19 Royal Victoria Hospital in Montreal. They wrote
20 a book and approached us -- the Philadelphia
21 company published a book on radiology,
22 which is highly specialized. In Canada
23 there was something like just less than 1000
24 radiologists in the whole of the country. The
25 printing run of that particular book was 10,000
26 copies.

27 DR. JEANNERET: There wouldn't
28 be a Canadian publisher even willing to
29 examine the manuscript?

30 MR. CORNWALL: They wouldn't touch



1 it, not for less than 1000.

2 MR. CAMP: You mentioned the
3 amount of your corporate income taxes. Everybody
4 pays according to their means and then some.
5 Is there a charge against your operations for
6 sales by the parent company?

7 MR. CORNWALL: No.

8 MR. CAMP: Is there a charge
9 for R & D?

10 MR. CORNWALL: We buy from them.

11 MR. CAMP: No charge for
12 services of any kind?

13 MR. CORNWALL: No, none whatever.
14 I would say that we receive very little
15 interference.

16 DR. JEANNERET: Your operation
17 is primarily a jobbing operation?

18 MR. CORNWALL: Yes.

19 THE CHAIRMAN: Could you provide
20 us at some time, at your convenience, a list
21 of the Canadian authors that your parent firm
22 has published in recent years? Could you do
23 that for us?

24 MR. CORNWALL: Yes.

25 THE CHAIRMAN: Is it your
26 intention, or the intention of your firm, to
27 at any time begin to manufacture any of your
28 publications in Canada?

29 MR. CORNWALL: Yes, it is our
30 intention. I don't know when it would be but



1 I hope it would be within five years.

2 THE CHAIRMAN: Would that decision
3 to manufacture in Canada bear any relationship
4 to the removal of the manufacturing provision
5 from the United States Copyright law. Would
6 you wait for that?

7 MR. CORNWALL: I don't know about
8 that.

9 THE CHAIRMAN: In any event,
10 the Canadian authors you have published, all
11 their works have been printed by and manufactured
12 by your American company?

13 MR. CORNWALL: Yes.

14 THE CHAIRMAN: Thank you very
15 much. We appreciate your coming.

16

17 SUBMISSION OF WINDEMERE RELEASING COMPANY

18

19 THE CHAIRMAN: Mrs. Walker, you
20 have been with us the last two days and watching
21 us and listening to what is going on, so we
22 welcome you and if you would be kind enough to
23 hit the high points of your brief, and we will
24 discuss it.

25 MRS. WALKER: Thank you very much.
26 Can you hear me all right?

27 I think you covered pretty much
28 most of the questions that came up in my brief,
29 but I might say at the start I belong to 14 or
30 15 industries and I consider the book publishing



1 industry the most important, more important
2 than any number of requirements, education or
3 anything whatsoever. It is the whole base
4 on which everything stems from and, as such,
5 it has to be handled right. It has to be
6 the best work and for people of Canada, but
7 not excluding other countries. I would like
8 to read a few words of my resume which sets
9 the tone of my submission.

10 "Book Publishing in
11 Canada has to everyone's knowledge
12 been a nebulous commodity.
13 In this technological era
14 it is even more so, and at a
15 time when it is absolutely
16 vital that it serve our needs
17 instead of being a hit and
18 miss affair in so many areas of
19 our living.

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It is not our intention to refer to the past any more often than it is necessary to indicate that which is wrong with the Book Publishing Industry in Canada; to suggest what could be done about it; to show why Book Publishing in Canada was, and is, a 'name only' industry (There are those who yet feel because we publish a few titles a year that we already have an industry) as well as how to protect our fledgling beginnings, the nuclei of a Nation that has 'arrived'.

We are a nation whose publications reflect and moreover promulgate the illustrious heritage of every nation but our own; who use the voice and idiom of another nation or nations to express that heritage; who have unwittingly or cowardly, whichever is the view of the reader, been content to accept in the written word and concept, that we are a nation of 'stunned goats' completely illiterate and needing a 'mouthpiece' to use the vernacular, which my, and immediately preceding generation have been fed from dawn to dark, in school and out of school; in the business world, 97.5 per cent owned and operated in the colloquialism of the country that owns the company or corporation; in radio; our daily newspapers (some part of which is



" I believe yet Canadian) and our largest communication mediums the feature motion picture, television and of course Book Publishing."

We will get to the questions.
(a) and (b) have been covered fairly satisfactorily.
On (c) on page 2 --

THE CHAIRMAN: I wonder, Mrs. Walker, we have read the brief and it is fairly extensive and very well set out. Are there any of these matters that are covered in these questions that you want to specifically stress?

MRS. WALKER: Yes, there is one anyway. On page 6,

"(c) Why the existing Book Publishers in Canada are vulnerable to collapse, a sell-out or takeover.

Most of the publishers have known for some time that they were not keeping up with the demands of the industry in the ways and means department. The writing has been on the wall for the past five years to get ready for mass publication or go under. Some acted like an ostrich and thought they had another year or so, others did their level best to make the necessary changes in method and equipment and found they had insufficient capital to do so, but for the most part, many thought that their way was good enough for father or the preceding



1 " owners and so would be good enough
2 for them... As a result they were caught
3 short and have no alternative but to sell,
4 being taken over or collapse. Some are
5 doing the latter, others are using the
6 situation as a ploy to get done what they
7 very negligently could have done themselves
8 if they had let go some of their anti-
9 quated methods of operation."

10 The question comes up about
11 distribution, on page 10, about how to obtain
12 new markets, how to suggest we get out among our
13 competitors and to make new markets. I think
14 the most important one coming up here is how
15 to control the book industry for the best
16 interests of Canadians.

17 By going over the necessary legislation
18 20 per cent of our book production, strain, hard
19 work in any one given year to make it and make
20 it stick.

21 DR. JFANNERET: May I ask a
22 question?

23 MRS. WALKER: May I say before
24 you ask a question that this is for three years
25 only because after three years I see absolutely
26 no restriction on anybody anywhere in Canada
27 who wants to publish in Canada. I ask for that
28 three years for the Canadian book sellers to
29 get into the position where they should have
30 been years ago.



1 THE CHAIRMAN: Have you touched
2 the points you want to make now?

3 MRS. WALKER: We know there are
4 more.

5 THE CHAIRMAN: Well, you make them
6 and then we will come back.

7 MRS. WALKER:

8 "We need outside the country, foreign
9 books or we would stagnate the other way,
10 but not at the expense of our cultural and
11 educational and employment requirements.
12 In school, educational or any books that
13 can fall into that category (must be
14 clearly defined) by allowing only 3 per
15 cent of total educational, text, school
16 text, etc etc and only if that self-same
17 3 per cent falls into a very highly
18 specialized (to be decided by a special pub-
19 lishing board that should be set up and
20 not including anyone who is not in the
21 publishing industry at its head, and
22 certainly not teachers and professors from
23 any background except Canadian (nor arty,
24 nor too academic that have long since
25 forgotten that education means to draw out
26 from educate 'not shove in'...) to say what
27 that 3 per cent should include; what those
28 special higher educational books may be:
29 that each fiscal year end, say March 30,
30 American and any other foreign-supplied



" school texts are replaced yearly by Canadian printed, written, and produced in Canada by Canadian Publishing houses of over 75 per cent Canadian personnel, and 75 per cent Canadian shareholders ... and a bloody stiff penalty for anyone found breaking this 'protection.'

That is only in the textbook department. After three years I would like to see it open.

"(J) How the Book Publishing Industry should be handled in Canada to get it past its embryo stage of development.

By setting a date, one year from this date as time of commencement, approximately June 1, 1972 as the mark setting the 20 per cent import limit which will give Canadian publishers one full year to get started on volume production on the book market, and allow only the 20 per cent in legally, No more 'under the table' foreign book matter above that figure."

I have been all over England and the United States and I know exactly what is being done.

" To get each publisher to publish a minimum of 60 to 80 titles a year, 100 per cent Canadian in content, printing, paper, binding, jackets, the whole bit, even if it makes Christmas 1972 a little



1 " light with only 500 or so new titles for
2 that one year ... the following year it will
3 be double that etc etc. The publishers
4 must have a subsidy, grant, or loan for
5 them to make their initial first year and
6 possibly second year commitment ...
7 with the assistance of federal and provincial,
8 or just federal which would have to be
9 in charge of the legislature to effect
10 and moreover, see that the program is
11 followed out faithfully.

12 They would have to see that after the
13 first year, any books that are as yet
14 unsold and on the Canadian market are
15 taken off, when the first batch of
16 quantity and quality books are ready in
17 the number already outlined, and to see
18 that no more than 20 per cent of the
19 volume of new titles are allowed to remain
20 for sale here in Canada, past that figure,
21 with the onus on the foreign publishers
22 to say which ones are to stay, and
23 which are not."

24 Now, I repeat, this is only for
25 three years to give Canadians a chance to bring
26 the book industry to the state it should be in.
27 After that we should have any book publisher
28 publishing and selling anything he wants.

29 DR. JEANFRET: That three-year
30 limitation has been added since you submitted your



1 brief?

2 MRS. WALKER: Yes. The thing is
3 I thought it over and thought that if the
4 Canadian people, after three years, were not able
5 to reflect their own background, their own heritage,
6 then we certainly do need a mouthpiece and we
7 need a good one and I can't think of a better
8 one except as you will appreciate if the children
9 in school are not marked down on their examination
10 for using American spelling, this seems an awfully
11 small point but we are supposed to be speaking
12 North American English and I would say this, that
13 we have a right, we have our own country, our
14 own way of thinking, our own way of speaking
15 and we should have our own publishing industry.

16 There are several little points
17 in conclusion here:

18 "The Book publishers must be prepared and
19 dedicated to save the country, nor do I
20 mean literally. I mean actually, and
21 moreover, it is absolutely vital that
22 they be funny and entertaining doing it.
23 Apart from the cultural, the material,
24 there is the aspect of the North American
25 continent being another Rome, another Egypt.
26 I'm surprised that no other prognosticator
27 has likened our situation to that time,
28 and about which we as publishers could
29 stem the tide. It is no longer just
30 nationalism, it is much more than that ...

" to borrow a phrase that is trite, but nevertheless to the point ... it is our way of life."

And then in conclusion:

"Our industry, the book publishing industry will only be as successful as we make it when we have the tools, in this case, the finances, to get into the mass publishing market and with our own talent and our own shareholders for the most part."

Now, a case in point was

I was coming here this morning and I took the heel off my shoe. The man who fixed it at the top of the subway -- he fixed it for me. That is the way the publishing industry should be in Canada.

THE CHAIRMAN: Thank you, Mrs. Walker.

DR. JEANNERET: I have just one question I would like to ask you, Mrs. Walker and it was on page 8, particularly your recommendation (i). I want to be certain that you are, in effect, recommending even for a more limited period than the brief said that there should be legislation that would actually restrict what the public may read. I am asking you if you would refuse access to a substantial portion of the world's literature in English to the Canadian public simply in order to make



1 your quota system work?

2 MRS. WALKER: No, I don't favour
3 restrictions of any kind. I am talking about
4 only new publications coming in and new ones
5 being printed and published during that three-
6 year period.

7 DR. JEANNERET: You wouldn't
8 buy them then past their quota?

9 MRS. WALKER: I would deny them
10 past their quota, yes.

11 DR. JEANNERET: So you wouldn't
12 deny access to them so far as the Canadian public
13 is concerned?

14 MRS. WALKER: No, what we already
15 have written and what we have here, we have
16 a terrific amount.

17 DR. JEANNERET: What you mean is
18 we have enough to read?

19 MRS. WALKER: We have certainly
20 enough to read in cultural, classics or anything
21 you want to name. We have got health books, you
22 name it, comics -- anything. And then we still
23 have 20 per cent of the books that they can turn
24 out which will still give us a fair amount so
25 that we do not stagnate in that three years' time
26 in case our own writers do not get work.

27 Speaking of writers, I think writers should be
28 subsidized and very definitely so, but it is true
29 they write to the British or to the Americans,
30 they write someone, but not Canadian publishers.



1 DR. JEANNERET: Thank you very
2 much, Mrs. Walker.

3 THE CHAIRMAN: Mrs. Walker, do
4 you contemplate in your brief that there should
5 be a special publishing board or some over-
6 viewing organization established by legislation
7 to ensure that all of these matters are carried
8 out? Is that what you have in mind?

9 MRS. WALKER: Yes, I do, and then
10 I don't. I don't believe in restrictions of any
11 kind, I don't believe in the development corporation
12 but I think it is a necessary evil but I
13 would certainly make certain that if we do have
14 to have a publishing development corporation
15 we should have the money circulated in the
16 proper manner. I am referring now to the Ontario
17 Film Corporation The head of that one admitted
18 to me that he had -- well, what he said
19 in so many words was that you had to have
20 a hash before you can have M*A*S*H.

21 MR. CAMP: What you are saying
22 in your brief, Mrs. Walker, while it is
23 substantially different to what you want done,
24 it is substantially the same as the suggestion
25 made by larger publishing houses and organizations,
26 the degree to which you would go, so as I
27 understand it, you would set up a government
28 board, regulate, control?

29 MRS. WALKER: I didn't say anything
30 about regulating, just disburse the money.



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MR. CAMP: Who will set up
the number of books to be brought into Canada
for Canadians to read?

MRS. WALKER: For a three-year
period and for school textbooks it has to be for
longer than that.

MR. CAMP: Excepting education?

MRS. WALKER: Excepting education.
I am going to make a point here. I don't
know how many people know it but we have 59 books
that we publish of our own. I have a file of
writers who are really tremendous. You just
have to read a few headlines and you know what
you have got. This is the most important thing
I wanted to get across. I don't know whether
they can still keep on doing it their own way
but these people have not got a ghost of a chance
of being looked at or heard or seen. These
people I am fighting for.

THE CHAIRMAN: Thank you
very much. We appreciate your brief.

---Luncheon adjournment.



1 ---The hearing resumed at 2.00 p.m.

2
3 THE CHAIRMAN: Ladies and gentlemen,
4 we can begin our hearings. Before we call upon
5 you there is a statement I would like to put on
6 the record. I would like to take a minute or
7 two to do it and if you would be patient while
8 I read this into the record.

9 At this time the Prime Minister
10 of Ontario in the Legislature has just finished
11 tabling an interim report by this Commission
12 and we can give it to our friends in the press
13 at the same time, but I can tell you what the
14 interim report is. It relates to McClelland &
15 Stewart and this was formally given to the
16 Lieutenant Governor of Ontario under date of
17 23rd of March, 1971, made by the three
18 Commissioners and signed by them.

19 " It has been apparent from the
20 outset of the Commission's inquiry at the
21 beginning of January that Canadian book
22 publishing is an industry which is of
23 major importance in creating that sense
24 of identity, political, historical, and
25 cultural, which is Canadianism. Moreover,
26 English-language book publishing in this
27 country is preponderantly an Ontario
28 industry, and this Province therefore has
29 a special responsibility to nurture and
30 encourage it.



"

A striking consequence follows from the fact that on the one hand the contribution to the gross national product made by book publishing is relatively unimportant while on the other its cultural importance to the nation is substantial. Not only does every fluctuation in the economic health of publishing thus bear on the Canadian public interest, but even minimal degrees of help or hindrance to the industry can have an important impact on our national well-being. For the same reason, adverse business factors can be offset by public assistance at much less expense in the book industry than in other depressed areas of the economy. That the development of the book publishing industry can be stimulated, effectively and properly, but carefully planned economic assistance has long been recognized elsewhere, and we are of the opinion that situations may arise in our own book industry which justify similar assistance from the Province of Ontario, acting alone or in concert with federal agencies. We further believe that such a situation has arisen recently and that it is of such importance and urgency that it requires special consideration at this early stage in the work of the Commission.

The situation to which we refer is

1 " that of the proposed sale of McClelland
2 and Stewart and Stewart Limited, one
3 of Ontario's and Canada's major Canadian
4 owned book publishing firms."

5 Now, bear in mind that this document
6 was submitted on March 23.

7 " The president and principal
8 shareholder of McClelland and Stewart Limited,
9 Mr. Jack McClelland, recently announced
10 his intention to sell his shares in that
11 Company because of its and his inability
12 to raise sufficient capital to continue in
13 business. In his announcement Mr. McClelland
14 also indicated that he might sell to foreign
15 interests. He has recently notified the
16 Commission that he has opened negotiations
17 with American sources.

18 Immediately after Mr. McClelland
19 made the public announcement of his in-
20 tention to sell, the Commission met with
21 him at which time Mr. McClelland agreed
22 to provide to the Commission information
23 concerning the current financial status of
24 his Company. Financial statements of
25 McClelland and Stewart Limited and its
26 associated companies were provided to the
27 Commission on the 12th day of March, 1971.

28 By this time the Commission had
29 retained as consultants Messrs. Clarkson,
30 Gordon and Company, the Canadian firm of



1 " chartered accountants. They were asked to
2 analyze these documents, to meet with
3 officials of McClelland and Stewart Limited,
4 and to report to the Commission on the
5 financial condition of McClelland and
6 Stewart Limited and its associated companies.

7 The consultants reported their find-
8 ings to the Commission on March 15 at which
9 time the principles set out in this interim
10 report were formulated by the Commission.

11 A copy of the report of Clarkson, Gordon
12 and Company, which the Commission requests
13 be kept confidential, is enclosed with
14 this interim report.

15 There are two brief but significant
16 statements in the Clarkson, Gordon report
17 to which reference should be made.

18 The first is on page eleven:

19 'It can be seen from a comparison of
20 the current assets and the current
21 liabilities ... that the Company is
22 vulnerable to a petition in bank-
23 ruptcy.'

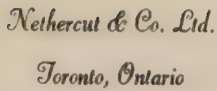
24 The second is on page twelve:

25 "The Company is seriously under-
26 capitalized and must obtain
27 additional funds through the issue
28 of capital stock in order to
29 overcome its financial difficulties."

1 " The Commission concurs with these
2 statements and is of the view that such
3 additional funds could not be obtained
4 in Canada without the assistance of
5 Government. Messrs. Clarkson, Gordon and
6 Company have advised us that the requirement
7 is approximately \$1,000,000.

8 McClelland and Stewart represents an
9 accumulated creative momentum in original
10 Canadian publishing which could not quickly
11 be replaced by other Canadian publishing
12 enterprises should its program terminate
13 or be sharply curtailed. We recognize
14 the fact that part of the firm's present
15 difficulties must be explained by the
16 very scope of the program it has mounted,
17 but that program is itself a national asset
18 worthy of all reasonable public encourage-
19 ment and support. The Commission is of
20 the opinion that such encouragement and
21 support, subject to prudent safeguards,
22 should be offered at this time. In
23 short, we believe it to be in the public
24 interest that McClelland and Stewart should
25 be preserved from bankruptcy if at all
26 possible, and furthermore that it should not
27 be permitted to be transferred to foreign
28 ownership,

29 Therefore without prejudice to and
30



The debentures so acquired would bear no interest during the first five



(a) There should be an odd number of directors and the Ontario Development Corporation and Mr. McClelland (with his associates) would each be entitled to appoint an equal number of directors; the directors so appointed would then select



1 " of control of the Company to a third party
2 without prior agreement and consent of the
3 Ontario Development Corporation.

4 The proposals which we place
5 before you should not be deemed to be
6 inflexible and should not operate to prevent
7 the sale of the shares of that Company to
8 any other Canadian or Canadian controlled
9 corporation, nor should it operate to
10 prevent a Canadian public underwriting of
11 this Company.

12 The Commission's recommendations
13 should be considered to be an emergency
14 measure and because the implications of
15 our recommendations relate not only
16 to Ontario but to the national interest
17 as well we recommend that the Government of
18 Canada be invited to participate to a
19 substantial extent in the acquisition of
20 the proposed debentures. In this connection
21 it is appropriate to inform you that the
22 Honourable Gerard Pelletier in a speech
23 to a conference on publishing in Ottawa
24 on Tuesday, March 2nd made the following
25 observations in commenting on the
26 problems of the Canadian book publishing
27 industry:

28 ' Much will have to be done in
29 co-operation with the provinces who,
30 I am aware, are greatly concerned with the



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"problem. The Government of Ontario has appointed a Royal Commission on Publishing problems ... In order to find solutions, the efforts of all government bodies must be coordinated."

Although we are informed that the Federal Government as of the 23rd day of March, 1971, has advised McClelland and Stewart Limited that an Industrial Development Bank loan would not be available to the firm we believe that the Government of Canada is prepared to participate in working out a solution to the difficulties of McClelland and Stewart Limited.

The Commission recognizes that its function is merely advisory to the Government. Accordingly these recommendations are made in general terms with the details to be negotiated by the Government and the Ontario Development Corporation should the Government find that this interim report is acceptable.

In any event if circumstances require, the Commission is prepared to make a further interim report to the Government which would recommend legislation designed to prevent, among other things, the sale to foreign interests of any Canadian book publishing company operating in Ontario to foreign interests



1 " of any Canadian book publishing company
2 operating in Ontario to foreign interests
3 during the course of the Commission's
4 deliberations and before its final
5 report.

6 All of which is respectfully
7 submitted."

8 As I indicated this report has
9 just been tabled by the Prime Minister of Ontario
10 in the Legislature. I do not know nor do we
11 know what his comments were in relation to it
12 but in any event we have made an interim
13 recommendation.

14 -----
15

16 SUBMISSION BY FESTIVAL EDITIONS

17 THE CHAIRMAN: Thank you for being
18 with us. We thought it appropriate at this time
19 to place that on the record. We have with us
20 this afternoon Festival Editions of Canada Limited
21 represented by a group of persons, Messrs.
22 Grant, Stevens, Patterson, Lipton and Grute.

23 MR. GRANT: Mr. Chairman, on
24 behalf of Festival Editions of Canada Limited
25 we thank you for asking us to submit a brief.
26 In the next few minutes I would like to briefly
27 introduce our representatives here today and
28 at the conclusion of that give a very brief
29 resume of our brief.
30



1 My name is Elliott Grant. I have
2 been in the book business in Canada for 25 years,
3 from 1946 to 1963 as a sales representative
4 for various books sold on the mass market. From
5 1963 to date I formed a company called School-
6 book Fairs Limited and this was the first
7 educational paperback jobbing house in Canada.
8 In 1969 we formed a further company which is here
9 today, Festival Editions of Canada to print low-
10 priced educational paperback books.

11 On my immediate left is
12 Mr. John Stevens, Professor of English at the
13 College of Education, University of Toronto, a
14 former high school teacher of English, a
15 former inspector of schools for the province of
16 Ontario and also a director and general editor
17 of Festival Editions.



1 Next to Mr. Stevens is Mr.
2 Tom Patterson, founder and former general manager
3 of the Stratford Festival Theatre. He is a
4 contributing editor to Festival Editions and
5 also a director.

6 Next to Mr. Patterson is Mr. Harry
7 Grute. Mr. Harry Grute has been with Festival
8 Editions for two years as an officer and
9 director and, prior to that time, he had
10 30 years experience in magazine and book
11 wholesale distributing in Canada in the capacity
12 of an agency manager.

13 Finally, at the end of the table
14 is Mr. Harry Lipton, our legal counsel and a
15 director also of Festival Editions.

16 The brief that we have presented
17 to you, Mr. Chairman, has a purpose. It is to
18 make the Commission aware of paperback sales
19 explosion in the Canadian school systems today
20 and to decry the fact that less than 10 per
21 cent of these paperback edition books, in our
22 opinion, were Canadian purchased and published.
23 We believe that Canadian publishers can and
24 should compete. I would like to stress the
25 word "compete", with the rising flood of
26 imported paperback titles and, by competing
27 to do this with the competitive marketing and
28 publishing techniques.

29 It is our further contention that
30 a strong, competitive Canadian paperback-publishing



1 industry not only is possible. It is absolutely
2 necessary if our Canadian identity is to be
3 maintained. This publishing program should
4 start with the publication of titles suitable
5 for school use, so as to make available to our
6 citizens of tomorrow, the richest heritage of
7 all: literary works of the past, present and
8 the future.

9 Festival Editions of Canada
10 Limited was formed with this purpose in mind
11 and is now prepared, Mr. Chairman, to answer
12 any questions you may present to us to the best
13 of our ability.

14 THE CHAIRMAN: We would like
15 to start with the word "compete", if you will.
16 You raised the word "compete". You said you
17 wanted to say something about that.

18 MR. GRANT: As it was brought
19 up to this Commission a few days ago, I thought --
20 I believe it was Mr. Sandwell of Burns and
21 McEachern, he said Canadian publishers should
22 show more drive and initiative than they have.
23 Speaking from a paperback standpoint, I
24 believe the Canadian publishers are showing
25 this drive and initiative and can compete with
26 foreign paperback editions.

27 THE CHAIRMAN: Do you feel
28 that you should have some protection against
29 the importations or are you satisfied to
30 proceed without protection?



1 MR. GRANT: Speaking for
2 myself, and I am sure my directors would agree,
3 we require no protection.

4 DR. JEANNERET: To what extent
5 does that mean the duly authorized version
6 of Shakespeare for use in the schools? Yours
7 is the acting edition, is it not?

8 MR. GRANT: Two of them are,
9 yes. They were adopted by the Festival Theatre
10 as the authorized acting editions.

11 DR. JEANNERET: Are you
12 suggesting -- it doesn't come out clearly from
13 your report in your brief, although your brief
14 was very clear -- are you suggesting that
15 competing editions should either be excluded
16 or put under some kind of disability?

17 MR. GRANT: No, I am just suggesting
18 we get an equal break with the competing
19 editions.

20 DR. JEANNERET: We are very
21 sympathetic, but I don't understand quite what
22 the equal break is you are asking for.

23 MR. GRANT: Well, the experience
24 in buying paperback editions of Shakespeare
25 has been that the majority of them sold over the
26 past several years are imported editions
27 and this experience is a long one and it does
28 take time, as anyone in the education business
29 knows, to get the message across that there
30 are competitive editions and they are Canadian



1 and they are equally as good or better. This is
2 a long, slow process of getting into the education
3 market.

4 MR. CAMP: It is not really clear
5 to me. How many titles are you producing?

6 MR. PATTERSON: It seems to me
7 that one of the problems that we have is the
8 fact that, having a small amount of capital,
9 we can't compete because we do not have a large
10 library, and a large number of books. For
11 instance, this year we are doing Macbeth. We
12 try to do two books a year, one being a
13 play that is being done this year, a current
14 play, another from the past, so we can pick
15 up the ones that have been done. For instance,
16 if we had more capital, we undoubtedly would
17 do Much Ado About Nothing, which is also being
18 done this year. With the lack of capital,
19 it is impossible to get as many titles as we
20 want as quickly as we want. Because of this,
21 obviously schools or Boards of Education
22 do not want to buy four editions of Shakespeare
23 from one publisher and two from another, so
24 in fact what happens is each book we bring out
25 sort of fertilizes the sales of the ones we
26 have already brought out. It seems to me,
27 if there were loans available at a low rate of
28 interest, that we could apply for in order to
29 increase our capital, in order to bring out
30 more books in a hurry, we could then compete on



1 a much more equal scale with the American
2 publishers who can bring in full libraries.

3 DR. JEANNERET: Even assuming
4 the availability of capital on any basis,
5 from free on up, do you definitely feel that
6 the market is such that you could operate at
7 a profit, that it would be a viable operation
8 for a publisher in this particular field.

9 MR. GRANT: Yes, we do.

10 DR. JEANNERET: Your experience
11 of sales demonstrates this, does it?

12 MR. GRANT: Yes. An indication
13 of the market is the fact that there are well
14 over a dozen paperback editions of Shakespeare
15 sold in Canadian schools today.
16 Secondly, Shakespeare is still the most widely
17 read author in the school systems and always
18 will be. The number of books of Shakespeare sold
19 is very substantial.

20 DR. JEANNERET: It is really
21 an advantage of capitalization, rather than any
22 disability to be worked on competing editions,
23 is that correct?

24 MR. GRANT: That is correct.

25 MR. PATTERSON: I think one
26 interesting thing, Dr. Jeanneret, is the fact
27 that we have now been approached by some companies
28 from the United States and, indeed, some
29 companies in England --- Mr. Grant is going
30 to England in order to talk to people about this



1 tomorrow. One of the advantages we would have
2 in getting a Canadian book based on Canadian
3 production sold in foreign countries is the
4 fact of having a larger library, but even without
5 that they are still interested, which indicates
6 there is a market.

7 DR. JEANNERET: I am, of course,
8 a great admirer of what you have done, but it
9 does not necessarily follow that a production-
10 oriented edition is the edition that is wanted
11 to study Shakespeare at a given level of the
12 high school system, is it?

13 PROFESSOR STEVENS: No such
14 edition is available at the present time.
15 There is a much stronger emphasis on the
16 study of these plays as they have been performed
17 and might be performed, so that I think, given
18 a wider range of titles, the sale would be
19 very good indeed. No other edition offers
20 you the advantages that these editions do,
21 in fact, offer. They are very interesting.

22 DR. JEANNERET: I agree with
23 you there.

24 MR. CAMP: In your audio-visual
25 aids that you list in the back, just for
26 my information what is:

27 "And is available on Argo by
28 Marlow Society"?

29 PROFESSOR STEVENS: I must admit
30 that I don't know that particular record.



1 I left that up to the editor of this particular
2 edition, Mr. Kenneth Rheiber. That is not
3 the record I personally would have picked, but
4 he liked it so I deferred to his judgment.

5 MR. CAMP: And the 16 millimetre
6 feature film you suggest is from Paramount Studio's would
7 suggest that you are also in the audio-visual
8 aid field?

9 MR. GRANT: No, we are not, sir.
10 We list the audio-visual aids for the help
11 of teachers who are looking for supplementary
12 materials in studying Shakespeare.

13 MR. CAMP: But you say they may
14 be ordered?

15 MR. GRANT: The ones that
16 can be ordered are not put out by the Festival
17 Theatre itself. We act as their agent in that
18 respect.

19 MR. PATTERSON: Incidentally,
20 I think it should be pointed out that while
21 Shakespeare has been accused of being Russian
22 and every other nationality other than English,
23 we do not accuse him of being Canadian.
24 These books do help Canadian authors in that a
25 royalty is paid, first of all, to the Festival
26 and to the directors of the Stratford plays,
27 to the designers of the Stratford plays.

28 MR. CAMP: Is there a royalty
29 to the Festival if you sell this book?

30 MR. PATTERSON: Yes, the Festival



1 gets a royalty from it.

2 MR. CAMP: Based on what?

3 MR. PATTERSON: The festival
4 play.

5 MR. CAMP: Can you explain the
6 difference between a Shakespeareplay and a
7 Festival play?

8 MR. PATTERSON: If there is
9 another book, it comes out, which we hope to
10 bring out in the future, any play that is based
11 on any book which is based on a production at
12 Stratford, Stratford gets a royalty out of it.

13 MR. CAMP: These are all printed
14 in Canada?

15 MR. GRANT: Yes, sir, they are
16 all printed in Canada. There are two paperback
17 printing houses in Canada, Roland Stoddard in
18 Montreal and Universal Printers in Winnipeg, who
19 print paperback editions. Most of them are
20 reprints using American plays.

21 THE CHAIRMAN: We were wondering,
22 Mr. Grant, it might be appropriate to ask
23 if you could let the Commission have in confidence,
24 some of the sales records of your firm and
25 financial statements. It would be useful to
26 us but it would be in confidence. It would
27 help us to make some judgments we are going to
28 be called upon to make in the future, if you
29 would be kind enough.

30 I would like to know how



1 extensive advertising and promotion programs are
2 what you have been doing in this regard. That is
3 in general terms.

4 MR. GRANT: In 1970 with the
5 two editions on the market, we spent almost
6 \$5000 in advertising and promotion. \$2700 of
7 this was in selected teacher organs
8 and educational trade books across Canada from
9 coast to coast. Almost \$2000 of this was
10 in promotion or at booths at educational shows,
11 School Book Fairs, et cetera, et cetera.
12 We had a booth at the Ontario Educational
13 Association last year and it was quite expensive,
14 but it is one where you get the message across.

15 Related to the price of our books
16 in only two editions, we have a very big budget
17 in comparison to hardback publishing houses
18 or any publishing houses, and we realized that
19 this has got to be done because this is where
20 you sell merchandise.

21 MR. CAMP: These are not, by the
22 way, American plates used in the printing of
23 this?

24 MR. GRANT: Totally produced
25 in Canada.

26 THE CHAIRMAN: There has been
27 the indication, we have heard from other briefs,
28 namely, that there should be a pool of
29 capital made available at low interest rates
30 or whatever, and this, of course, we have taken



1 note of. Should there be in order to get into
2 the market you are concerned about -- you seem
3 to be concerned about getting the attention,
4 if you will, of the Ontario Educators and
5 Ontario and Canadian libraries. Let us call
6 it Canadian rather than Ontario.



1 Do you think that you are going to be able to
2 get the attention of the individual teacher
3 in the school system? We are advised that the
4 individual teacher in the school system is now
5 making the decisions as to which books are going
6 to be used. I am wondering how it is you would
7 propose to get their attention and make your
8 product known, or is it something you want us to
9 make recommendations on, by way of assistance?

10 MR. GRANT: Well, I understand
11 the Province of Ontario's Department of Education
12 is starting this with respect to circular 15.
13 However, two months ago as far as the schools
14 were concerned and the book-buying habits they
15 have already made their lists up so that will
16 not apply this year. They are budgeting right
17 at the present moment. This could be speeded
18 up if the Department of Education of the
19 Province of Ontario for instance would make sure
20 that they get the Canadian list out which they
21 promised would come out this month. That would
22 be most helpful because the decision to buy
23 by the school and the Department of Education
24 is right at this moment.

25 THE CHAIRMAN: There have been
26 one or two suggestions to us that there might
27 be appropriate legislation or regulations made
28 which would require institutions either
29 educational or libraries where public monies
30 are used to require them to purchase Canadian



1 material where Canadian material is available.
2 Could you comment on that kind of recommendation?

3 MR. GRANT: I am highly in favour
4 of that for the book industry's sake, from the
5 publisher right through to the jobber. You
6 heard yesterday that buying around, as we call
7 it, is necessitated by poor service and price.
8 You will always have that problem because
9 when a library or a school can get a better
10 price they are going to get it.

11 THE CHAIRMAN: Do you, in your
12 firm, sell directly to libraries, book stores
13 or the educational systems or do you go through
14 a jobber or agent?

15 MR. GRANT: As far as school
16 sales are concerned, our parent company of
17 Festival Editions started seven or eight years
18 ago as a paperback jobber sends a list. Our
19 parent company handles the school sales and
20 distribution. The distribution to book stores
21 which is very small is handled by a separate
22 organization who specialize in that business.

23 DR. JEANNERET: Is it fair to
24 assume when you first considered the notion of
25 these series which is commendable in many
26 respects, if you considered going to one or
27 more of the established large school book houses,
28 you still would have got a royalty if this would
29 have appeared to be a visible proposition and
30 you would have been spared the embarrassment of



1 having to find the capital. How far did you go
2 in that direction?

3 MR. GRANT: Towards getting
4 assistance from other publishers?

5 DR. JEANNERET: No, by having
6 the series published.

7 MR. GRANT: Well, we had two or
8 three representations from American publishers.
9 One even sent a contract up.

10 DR. JEANNERET: I meant in
11 Canada, though. My understanding is that your
12 firm is organized primarily for the purpose
13 of this series, is this right?

14 MR. GRANT: No, that is not
15 correct.

16 DR. JEANNERET: There is a
17 misapprehension?

18 MR. GRANT: If this is successful
19 we will then go into other areas.

20 PROFESSOR STEVENS: I suspect too,
21 Dr. Jeanneret, that Canadian publishers might
22 be a little afraid of going into yet another
23 edition of Shakespeare because they would fail
24 to see the specific advantages that these editions
25 provide.

26 DR. JEANNERET: But they would
27 have some notion as to whether or not there is
28 a market for it?

29 PROFESSOR STEVENS: They would,
30 but I think they are too cautious. This is a good



1 idea and should succeed. The price of these
2 editions really is quite competitive. You
3 will notice they are 75 cents per copy and the
4 cheapest American series of Shakespeare's titles,
5 the full edition sells, I believe, at half a
6 dollars. It is also worth taking notice of our
7 Canadian paperback titles from someone like
8 Margaret Laurence who is currently a hot authoress,
9 The Stone Angel from New Canadian Libraries
10 sells for \$2.75, McClelland & Stewart's
11 paperback version, her other recent novel which
12 was turned into a movie, The Jest of God which
13 was made into the movie Rachel, sells in the
14 American paperback version under its movie title
15 with a couple of naked bodies on the cover, for 60 cents.

16 DR. JFANNFRET: You must not
17 fit it all on price although I think it is a
18 very good offer. I recall 18 years ago when I
19 used to try to sell Shakespeare and we did.
20 The chief point that we made is that it is safe.
21 I think the world has changed a good deal and
22 the fact that it is not boundarized and so on is
23 no issue so far as its adoption in the schools
24 but yet it is more than Shakespeare, isn't it?

25 PROFESSOR STEVENS: What do you
26 mean by "it is more than Shakespeare"?

27 DR. JFANNFRET: As far as
28 the acting directions and so on are concerned
29 and presumably it is necessarily edited expertly
30 for production at Stratford.



1 PROFESSOR STEVENS: It is an
2 honest text, it is a good text of a play.

3 THE CHAIRMAN: I don't think
4 Dr. Jeanneret meant that. He meant it was
5 an honest text but it is supplemented by additional
6 material, directions.

7 PROFESSOR STEVENS: It was a
8 dishonest text in one sense in that it was
9 trimly boundarized. One thing that Mr. Stevens
10 sometimes did was tuck the disgraceful lines
11 away into the notes. ~~for~~ the earnest student
12 to discover.

13 DR. JEANNERET: That is why it
14 sold.

15 THE CHAIRMAN: Earnest in what?

16 PROFESSOR STEVENS: Well,
17 diligent, shall we say?

18 MR. LIPTON: If I can finally
19 make one point, it is being attempted to
20 characterize this book as a special edition or
21 an acting edition or production edition of
22 Shakespeare. It was not conceived in that
23 light, it is not intended to be used in that
24 light and it is only incidentally available
25 for that purpose. In coming to this series,
26 Mr. Grant's idea was to find a broad foundation
27 for educational paperbacks that would be
28 suitable in Canada. He knows the list of titles
29 that have been selling through School Book
30 Fairs since he has founded his company. We



1 studied the sales of Shakespeare throughout
2 the balance of the English-speaking world and
3 then we felt that Shakespeare offered the broadest
4 base for acceptance through the broadest systems
5 of education. Then we had to decide how could
6 we make it Canadian and how could it be competitive
7 to what else appears in the world?

8 I think at one point Mr. Grant
9 estimated that there are 12 million copies of
10 Shakespeare consumed annually throughout the
11 English-speaking world which is quite a market.
12 Well then, it was through a process of elimination
13 we decided we needed something that would make
14 the play more interesting for the grade 9 and
15 grade 10 students and it became apparent that
16 there was Canadian interest at the Stratford
17 festival and we felt that if we took the standard
18 text of Shakespeare as it appears in every
19 edition used in every school and we had a
20 Canadian educator adopt the language for our
21 students and to that we add the excitement and
22 the intellect and the insight -- you may quarrel
23 whether it is insight after you have studied
24 certain directors' opinions as they appear
25 in the book --that all these things together
26 would create a much more readable version.
27 Our interest was to stimulate the student
28 to read Shakespeare on his own and not have to
29 plow through it with the teacher line by line
30 so he could appreciate the sense of the play.



1 Our reaction from educators has
2 been very good. We often encounter the same
3 phrase and that is, they say, "This edition
4 lifts Shakespeare off the pages". The
5 interesting thing is that this phrase appears
6 by coincidence in a number of letters.

7 DR. JEANNERET: I am sure you
8 are trying to appraise the quality of the edition
9 but the thrust of your brief as I interpret it
10 is simply that here is a piece of Canadian
11 publishing initiative and if it is anything
12 like the quality you say it is -- personally
13 I believe it to be and I am very interested in
14 the project indeed -- then let us face the fact
15 that you are in trouble and this type of
16 project should not be under a disability as this
17 seems to be. Isn't that about what it amounts
18 to?

19 MR. LIPTON: I think that the
20 Chairman pointed out our main concern and that is,
21 it is a slow process to bring the Canadian
22 educators' attention to the particular book and
23 it is an even slower process to weigh the use
24 of books currently in school inventory and still
25 have the teacher enthusiastic about adopting this
26 particular edition.

27 Also, the teacher, of course, must
28 re-adapt his teaching program and his line of
29 instruction to accommodate the book and that
30 requires some enthusiasm and some encouragement.



1 It is that encouragement that we have sought
2 and so far it has eluded us.

3 THE CHAIRMAN: I have not heard
4 yet anyone on your side say that you are
5 in trouble. You have not said that, have you?
6 You said that you would like to have low-cost
7 money available for perhaps expansion for other
8 purposes but I was going to ask you before
9 Dr. Jeanneret introduced the word "trouble"
10 how you were doing?

11 MR. LIPTON: In this respect,
12 Mr. Grant through the parent company has absorbed
13 much of the expense in keeping this project
14 alive because he feels that it is a show-
15 piece in Canadian publishing and it is well
16 worth being associated with as a parent company
17 and it is through his continued faith and his
18 continued enthusiasm that the matter has rolled
19 forward and also the other members of the
20 Board of Directors also must be given credit
21 because if they received appropriate remuneration
22 for their contribution there would have been
23 no series.

24 THE CHAIRMAN: May I ask you,
25 please, did you attempt to merchandise any of
26 your books through shelves in the cigar stores
27 and that kind of thing?

28 MR. GRANT: That is not feasible,
29 sir, because Shakespeare is not a mass market
30 author.



1 THE CHAIRMAN: You are saying
2 he didn't have that in mind?

3 MR. GRANT; No.

4 MR. LIPTON: We do distribute
5 through a national mass market distributor. He
6 has been most successful, of course, in the
7 Stratford area during the Stratford season
8 when we have had the Merchant of Venice
9 available, while the Merchant of Venice was
10 performing.

11 DR. JEANNERET: That figures.

12 MR. LIPTON: Promoted material
13 from mass market paperback publishers is
14 overwhelming to find room for us on a bookstand
15 in a subway station.

16 MR. CAMP: Is it a secret what
17 the royalty is that you pay to Stratford or
18 is it a trade secret?

19 MR. LIPTON: I think we are
20 prepared to offer it to the Commission in
21 confidence.

22

23

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(page 469 follows)

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1 THE CHAIRMAN: Thank you. We
2 appreciated very much for your being with
3 us and your very good brief, and your responses
4 have been very helpful to us. If you will
5 give us the information we ask for, it will
6 be most helpful also. We appreciate it very
7 much indeed.

8 Before we start again, Mr. Belt,
9 there is another document I would like to
10 read into the record which we have. It has
11 just been delivered to us so we can keep our
12 record straight. This is a statement by the
13 Honourable William Davis, Prime Minister of
14 Ontario, tabling first report of the Royal
15 Commission on Book Publishing, and examination of
16 financing and effectiveness of education in the
17 Legislature at Queen's Park, Thursday, April
18 15, 1971. Mr. Davis says:

19 "Mr. Speaker, it is my
20 pleasure to present to the
21 Legislature the first report of the
22 Royal Commission on Book Publishing.

23 "You will recall that this
24 Commission was appointed on December
25 23rd, 1970, to fully examine the
26 publishing industry and inquire into
27 its position within the business
28 community and the effect of
29 its contribution to the cultural
30 life and education of the people of



1 Ontario and Canada. The Commission
2 was also asked to study the
3 economic, cultural, social and
4 other consequences of substantial
5 ownership or control of publishing
6 firms by foreign, foreign-owned
7 or foreign-controlled corporations
8 or non-Canadians.

9 "The report I am tabling
10 today deals specifically with the
11 financial difficulties faced by
12 McClelland and Stewart Limited,
13 one of the largest book publishing
14 houses in Ontario and Canada.
15 The members will recall that the
16 owner of this firm, Mr. Jack
17 McClelland, has announced his
18 intention to sell his shares in
19 the company because of an
20 inability to obtain sufficient
21 capital in Canada to remain in
22 business. He recently opened
23 negotiations with United States
24 sources. This report indicates
25 that an independent analysis
26 of the company's financial statements
27 by Clarkson, Gordon and Company
28 reveals that approximately one million
29 dollars is required to overcome the
30 difficulties faced by McClelland



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and Stewart. The Commission concurs with statements by Clarkson, Gordon and Company that these funds could not be obtained in Canada with the assistance of government.

"The Government of Ontario agrees with the Royal Commission that the creative momentum in original Canadian publishing undertaken by this company should not be lost or be permitted to be transferred to non-Canadian ownership.

"The Commission has recommended that as an emergency measure this government, through the Ontario Development Corporation, offer to acquire from McClelland and Stewart Limited ten year term convertible debentures for one-third of the company's assets -- 961 thousand dollars. It is suggested that the debentures should bear no interest during the first five years and low interest thereafter. In turn, the Ontario Development Corporation would appoint members to the Board of Directors of the Company, along



1 with other safeguards of public
2 funds.

3 "Further, the Royal Commission
4 suggests that McClelland and Stewart
5 is a national asset worthy of all
6 reasonable public encouragement
7 and support and, therefore, the
8 Government of Canada should be
9 invited to participate to a
10 substantial extent in the
11 acquisition of the proposed
12 debentures.

13 "Mr. Speaker, the Government
14 of Ontario accepts the principles
15 put forward in this interim report
16 by the Royal Commission on Book
17 Publishing to maintain McClelland
18 and Stewart as a Canadian-owned
19 company. The Ontario Development
20 Corporation will pursue the
21 recommendation of the Commission.

22 "The Government will also
23 undertake to request that the
24 Government of Canada enter into
25 a joint venture with this
26 government to assist McClelland
27 and Stewart Limited.

28 "Mr. Speaker, this
29 government is concerned that
30 there be a sound, Canadian



1 publishing industry. We are
2 especially concerned tht the cultural
3 integrity of our educational
4 system be protected. The importance
5 of maintaining a Canadian text
6 book industry was emphasized
7 yesterday in testimony before the
8 Royal Commission and reported
9 fully in today's press.

10 "Because of our interest,
11 the Deputy Minister of Education,
12 Dr. J.R. McCarthy, will be
13 seconded to the Royal Commission
14 as a special consultant on text
15 book publishing. His extensive
16 experience in all phases of
17 education will greatly expand the
18 capacity of the Commission to
19 consider this important aspect
20 of the publishing industry."

21 For the record, there is
22 more of the statement, but that is about
23 substantially the reception which our report
24 has been given by the Government of Ontario.

25
26 SUBMISSION OF MR. W.H.E. BELT, PUBLISHING

27 CONSULTANT

28
29 THE CHAIRMAN: Mr. Belt, we
30 could proceed now, sir, and if you would give



1 us the high points of your prepared brief?

2 MR. BELT: Thank you, Mr. Chairman.
3 My name is William Belt and when I submitted this
4 brief, I was a private person representing
5 concerns based on a long time in educational
6 publishing in Canada. In my covering letter
7 I acknowledged that my departure from publishing
8 in 1969 was preceded by a growing personal
9 disenchantment and this disenchantment was,
10 in fact, reflected in some of my -- the
11 description of some of my concerns. I became
12 newly enchanted and I am back in the publishing
13 business and am pleased to be there. I have
14 to allow, though, that the points were based
15 on my views as an individual. I am not suggesting,
16 though, that they have changed.

17 THE CHAIRMAN: Would you be
18 kind enough to indicate to us how you have
19 returned to publishing and in what capacity, how
20 you have restored your enchantment?

21 MR. BELT: I would be pleased
22 to do that. I was approached by Thomas
23 Nelson and Sons, Canada Limited some while ago
24 and we have agreed that I should serve there
25 as a Vice-President of Publishing. This will
26 be a broader exercise than educational publishing.

27 THE CHAIRMAN: Are you still
28 speaking as a private citizen or are you
29 representing the interests of your firm, or
30 how do you wish to be seen?



1 MR. BELT: The point I did not make
2 very well is, I do wish to be identified today
3 as a private person and I wish to stand by the
4 concerns I expressed and so far as I know, the
5 recommendations and solutions I touched on
6 still remain unchanged. I cannot presume that
7 the firm with whom I am now working would support
8 my views.

9 I had been previously acting
10 as a consultant to a variety of publishers,
11 print and non-print, and I think the only difference
12 is I quoted from Lewis Carroll in my brief, and
13 from Samuel Jonson too. . Perhaps I should
14 pass on Cassius' admonition to Brutus, "The fault
15 is in ourselves, dear Brutus". If I may just,
16 in terms of personal announcements, then, state
17 first the essential social function of publishing
18 in Canada and the responsibilities the publishers
19 have for the dissemination of Canadian culture,
20 education and information is predominant.
21 If a Canadian identity is to be maintained,
22 Canadians young and old must be assured of
23 access to Canadian books, and it is that access
24 to books I am concerned about.

25 I happened to chair a committee
26 whose main objective was the preservation of
27 Canadian content in education. I think this
28 is especially true that there is a need for
29 preservation of Canadian information in the
30 social sciences and the humanities where Canadian

1 viewpoints and values are urgently needed.

2 The risk that such books might be curtailed is
3 likely to increase in proportion to the increase
4 in publishing ownership outside Canada.

5 It is interesting that in recent
6 years we Canadians have been compelled to protect
7 our national expressions through governmental
8 offices. Studies and Royal Commissions such
9 as the O'Leary, the Massey, the Fowler, and the
10 Davey Mass Media Study, have determined where
11 the greater security in areas of communications,
12 other than books. The Canada Council and the
13 Canadian Film Development Corporation, provide
14 most of their funds to areas outside book
15 publishing. Until the alarums and excursions
16 of the recent financial crises, book publishing
17 has not ranked with newspapers, magazines, films,
18 radio and television as a national resource.

19 In the current wave of nationalism,
20 there is ample room for confusion. It is to
21 our disadvantage that we tend to admire
22 Americans so much and imagine that we need
23 their money to guarantee their standard of
24 living -- for us. And we see and enjoy their
25 films, television, magazines and books -- most.
26 So much so that when we declare our Canadian
27 national ambitions, we are sometimes accused of
28 being anti-American, when we are only being
29 pro-Canadian. And our newspapers, et cetera,
30 use their spellings and pronunciations. But our



1 books don't -- usually.

2 It is through books and learning
3 materials that Canadians can best preserve
4 their identity and awareness. This appraisal
5 stresses that Canadian educational publishing,
6 viewed as "the bread and butter" side, is
7 hampered on several counts, and too often by its
8 own publisher-creators.

9 The publishers who are in trouble
10 financially are Canadians and they have
11 perpetuated confusions of their own. They
12 are perforce competitive, but there are many
13 areas where they could act in a cohesive,
14 positive way to their mutual advantage.

15 They rarely stand together.

16 Their individual and
17 collective deficiencies are suspected to be the
18 underlying cause of their plight. Critics
19 would urge that, before Canadian publishers
20 deserve outside support and recognition, they
21 should put their houses in order. There is evidence
22 to suggest that money, or the scarcity of it,
23 is not the root of the problem.

24 In my brief, Mr. Chairman, I
25 defined the problems as I saw them. I should be
26 happy to amplify or to describe them now
27 briefly, if you wish.

28 DR. JEANNERET: Mr. Belt,
29 I might take advantage of this opportunity
30 to ask you now some questions I had related to



1 your wide experience in educational publishing.
2 I note for the record and possibly you remember
3 that I think I had the privilege of introducing
4 you personally to your first employer, and I am
5 interested to know about your new affiliation,
6 which I had not heard about previously.

7 I have a number of specific
8 questions to ask you and, once again, these are
9 intended to bring out information, not to
10 make a point or prove anybody wrong, or anything
11 of that nature.

12 In paragraph 1 on page 1 you
13 speak about a trend downward in a number of
14 Canadian books published or purchased in
15 Canada occurring, presumably, as the number of
16 imported books increases. Have you actively
17 put together any statistics to illustrate this
18 is an actual trend? I mean, is this a
19 considered word? For example you say:

20 "According to recent surveys
21 the proportion of Canadian to American
22 schoolbooks is lower each
23 successive year."

24 Could you redocument this, either now or
25 later? It is not true of Circular 14, for
26 example.

27 MR. BELT: The nature of
28 Circular 14, as you know, is to be exclusively
29 Canadian. This is surely not a ---

30 DR. JEANNERET: Only 80 per



1 cent ---

2 MR. BELT: Where American books
3 supply a need for that. Canadian books do not.
4 Only when there is a scarcity of Canadian books
5 can American books become eligible for inclusion
6 on Circular 14, as I understand it.

7 DR. JEANNERET: I am saying
8 inside and so are you.

9 MR. BELT: I took some satisfaction
10 from an editorial in the Globe and Mail of
11 March 24th when sympathy for your function as
12 Commissioners was expressed.

13 THE CHAIRMAN: We always receive
14 pleasure from any expression of sympathy.

15 MR. BELT: Frankly, I did begin
16 to assemble statistics. I began compiling some
17 from sources I supposed to be reliable. I have
18 read the Ernst and Ernst Report, I read the
19 BPC summaries, which would require measures
20 and so on. All I could determine was, indeed,
21 the trend seems to be this way. I think no
22 purpose would be served in terms of using
23 as examples the variety of sources. The Globe
24 points out that, what can we believe in fact?
25 This is one of the tragedies of the industry
26 in this country that we seem not to have
27 available to us revealing and significant
28 statistics. One of the limitations of the
29 Book Publishers' Council is that sometimes
30 members are reluctant to disclose their figures,



1 some in fact indeed refused to do so.

2 DR. JEANNERET: This is an
3 informal impression rather than a report of
4 some statistics?

5 MR. BELT: Yes. I wish there
6 were better sources of information.

7 DR. JEANNERET: We all do.
8 We wouldn't be here if there were. On page
9 7 you state that only about half of the Canadian
10 publishers perform any specific kind of market
11 research, for example. Would you mind
12 just saying what you include in "Canadian
13 publishers"? Do you include foreign
14 publishers operating in Canada or are you
15 speaking about Canadian-owned publishers?
16 What do you mean by "only about half of the
17 Canadian publishers perform any specific kind
18 of market research"?

19 MR. BELT: What I meant by that
20 was, yes, Canadian publishers who are operational
21 here. I would not include, for example,
22 research done by a branch office here unless
23 it had Canadian application. In other words,
24 U.S. or U.K. research would not flow into
25 Canada and be counted.

26 DR. JEANNERET: On page R1 --
27 I guess that is recommendation 1 -- you make
28 a recommendation for a Canadian Publishing
29 Development Corporation that might be expected
30 to play a primary role. Do you intend



1 this corporation to insert French-language
2 publishing in this country as well as English-
3 language publishing?

4 MR. BELT: Indeed, yes. I think
5 we can take from the French Canadian publishing
6 expression so many of the positive steps in
7 the indigenous publishing in Canada that I
8 would not for a moment suppose this should be
9 exclusively English-Canadian. I don't think
10 it necessarily should be a combination. That
11 might be two prongs.

12 DR. JEANNERET: You say in
13 paragraph 4 on R1:

14 "That there be a consolidation
15 of Canadian publishing co-operation."

16 Would you give us a few words to explain
17 what you mean there? You say:

18 "A few strong, responsible,
19 and profitable Canadian publishers
20 can help to nurture a multiplicity
21 of small, gregarious publishers."

22 Would you just explain what you have in mind
23 there so we can be sure we understand?

24
25
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1 MR. BELT: Yes, well, my concern
2 was -- and you may remember Dr. Jeanneret,
3 I did take part in the affairs of the Canadian
4 Book Publishers' Council and the Textbook
5 Publishers' Institute and so on. It seemed
6 from time to time that it was impossible to achieve
7 any measure of agreement. I am sure that the
8 approval of motherhood would have been voted
9 down, it was that kind of reluctance to agree.
10 More perhaps in Canada than any country in the
11 world there ought to be and must be at least
12 a nucleus of a strong, positive, cohesive
13 publishers' group and I see no hope of it in
14 the structuring or the organization of the
15 Canadian Book Publishers' Council.

16 DR. JEANNERET: In R3, paragraphs
17 13 and 14 you make two recommendations. I
18 have not been able to reconcile them. It
19 might be worth just a word of explanation.
20 You say,

21 "That tariff restrictions on imported
22 books and any imposed or enforced recognition
23 of Canadian books are not desirable."

24 And then:

25 "Canadian books should compete with all
26 other books on the marketplace."

27 And then you say:

28 "That educators, the public generally,
29 and publishers be encouraged to give
30 preferential consideration to Canadian



1 " educational books."

2 Could you reconcile those two? I am not saying
3 they are wrong but I want to be clear on them.

4 MR. BELT: Well, in No. 13

5 I state that tariff restrictions, as you suggest,
6 that such impositions would not be desirable.

7 I look on this as a form of censorship.

8 Recommendations have been made by publishers,
9 politicians and others that we should establish
10 our embargo and keep out of the country the
11 kind of competition that Canadian publishers
12 find they can't meet. This, I think, is
13 dangerous and wrong and should not be entertained.

14 Similarly, I am opposed to any
15 quota that would apply to the percentage of
16 the portion of books to be displayed in the book
17 shop. I think this is -- anything, in fact, that
18 restricts the flow of the abundance of the
19 world's riches, as I put it, in this country is
20 wrong.

21 DR. JEANNERET: Would you consider
22 that restrictive aspects of circular 14
23 constitute a form of censorship?

24 MR. BELT: I think it is between
25 preferential treatment -- this is a matter of
26 semantics -- one is preferential treatment.
27 The basic concern I would have is that there
28 ought to be with that abundance I mentioned,
29 Canadian materials as well, so that when a
30 teacher, when a pupil, when an individual, is



1 considering what he might enjoy or what he might
2 use there should be amongst the books, Canadian
3 materials. There is certainly no scarcity of U.S.
4 or U.K. materials. There may be a risk that there
5 may be a scarcity of Canadian materials.

6 DR. JEANFRET: I will wind up
7 my questions with one I suppose is semi-facetious
8 and I apologize for taking the time for you to
9 answer it, I don't expect to get a full answer.
10 I have heard of your affiliation with Thomas
11 Nelson. Having regard for the nationality of
12 the principal shareholders there, have you joined
13 a Canadian-owned or British-owned publisher?

14 MR. BELT: Canadian-owned,
15 as far as I can tell.

16 THE CHAIRMAN: I take it you have
17 not researched that question?

18 MR. BELT: I have indeed, yes,
19 and I will have the documentation, Mr. Chairman,
20 shortly. I have not worked for -- in my
21 experience I have worked for two houses other
22 than Nelson, one was Oxford University Press and
23 previously with the MacMillan Company. I would
24 not suggest that either of those distinguished
25 houses had anything to do with my departure from
26 publishing. There are so few Canadian houses
27 I have had conversations with Mr. McClelland,
28 I sympathize with his concerns, I fully support
29 his independent Canada stance. Hearing this
30 afternoon as we did -- and this is strictly not a

1 part of my planned submission -- the conditions
2 tabled in the Legislature today I would think
3 that any governmental -- and this is wrong for me
4 to suggest -- ought not to carry with it conditions
5 or strings attached. I think this is part of the
6 risk that the publishers are actually wary
7 of, in their looking for long-term financing
8 and low-interest loans because they do naturally
9 suppose that they are going to be controlled.
10 They have to continue to be creative, it has to be
11 a profitable operation for them.

12 MR. CAMP: How do you secure the
13 interests of the public in a matter of that kind
14 if it is just a blank cheque? Let us assume you
15 don't want to make a value judgment as to the
16 quality of management of the firm -- and I
17 am not talking now about any particular firm --
18 isn't there a duty on behalf of government not
19 to interfere in the editorial management and
20 judgment but just to protect its investment
21 by maintaining a presence?

22 I don't know, I think there are
23 a number of corollaries in all the other fields
24 but this applies from time to time. Perhaps you
25 could assist us. Isn't it reasonable to assume
26 that the public would expect that it would have
27 some representation or have some right in the
28 matter?

29 MR. BELT: Yes, it is reasonable
30 but might I suggest we are talking about two very



1 different things. We are talking about money
2 on the one hand and publishing on the other
3 and it is unfortunate that the two have to be
4 related.

5 MR. CAMP: But it is necessary?

6 MR. BELT: Unfortunately it is
7 necessary. I point out in my brief that those
8 firms, including the McClelland & Stewart one,
9 have engaged the expertise, the special skills
10 of the accountants and the attitudes and so on
11 and apparently that rescue operation did not do
12 the job. Now, there is something about publishing,
13 Mr. Chairman, that is very special indeed, very
14 unique and, in this country, it is difficult to
15 understand.

16 You see, in the U.S. we do know
17 that communications, the three-letter people,
18 the IBM's, the CBS's and so on, and so on, are
19 very active in communications and financing but
20 the very funding over the years, the abundance
21 of dough that was plowed in there has made
22 educational publishing big business. We don't
23 have that in this country.

24 MR. CAMP: There are publishing
25 firms in the United States too who are having
26 difficulty?

27 MR. BELT: Yes, but I did say that
28 money was not necessarily the answer to the
29 problem, surely it would help.

30 MR. CAMP: Part of the answer is a



1 direct government grant or loan?

2 MR. BELT: Yes.

3 MR. CAMP: Would not you admit to
4 the fact that the government would have some
5 responsibility as to the way in which those funds
6 were used?

7 MR. BELT: Yes. As long as that
8 did not -- and I don't know how this could be
9 created -- carry over to the determination of
10 what is published in the House.

11 MR. CAMP: There is no suggestion
12 in the interim report, Mr. Chairman, that was
13 released today that there has been any suggestion
14 from this Commission or any other that any
15 initiative taken by the government would
16 indicate that they intend to do that.

17 THE CHAIRMAN: I don't think Mr. Belt
18 has had a chance to look at this.

19 MR. BELT: Yes, I should not presume.
20 I did detect the suggestion that the composition
21 of the Board of Directors should be determined by
22 the development corporation.

23 DR. JEANNERET: Not necessarily.

24 THE CHAIRMAN: It might be useful,
25 Mr. Belt, if you wish to come back and make a
26 comment on the report you may, we will be glad to
27 hear from you after you have given it some study,
28 because we are very much aware of the matters
29 you are touching on and I think you will find it
30 pretty well, I hope, thought out.



1 We are also aware as a Commission
2 that whatever we do, or say, or any opinions
3 that we render will not necessarily attract
4 sympathetic attention at all times. Nevertheless,
5 we have put forward a recommendation and it is
6 the best, we consider, that we can do at the
7 moment.

8 MR. CAMP: You have not got a
9 nominee, have you, for the Canadian development
10 corporation, have you?

11 MR. BELT: That point I would
12 emphasize. I might have entertained an ambition
13 in that direction perhaps a month ago, that is
14 either to put forward a nominee or to be persuaded.

15 MR. CAMP: I just wonder why
16 you thought it needed to be a publisher?

17 MR. BELT: Well, I am afraid that
18 without someone with publishing experience and
19 skills --

20 MR. CAMP: But, on the other hand,
21 if it is going to be a government board it will
22 be making decisions with regard to publishing,
23 it will encroach upon the very area in which you
24 are sensitive. In other words, the governing
25 authority would belong to the government.

26 MR. BELT: Yes, it would take a
27 strong personality. You see, the publishers,
28 according to surveys that are made, recognize the
29 limitations of their operations and their
30 management. These are not my accusations, they are

reported here.

MR. CAMP: Some of them are even better politicians than they are publishers?

MR. BELT: Yes.

THE CHAIRMAN: They ought to be politician-publishers.

MR. CAMP: Or even publishing politicians.

THE CHAIRMAN: Mr. Belt, I won't ask you any questions but I will say that I concur with two or three things you say in your brief at page 8 under "Solutions" -- the solutions will be straightforward enough. I agree problems abound and I also agree solutions abound in the industry. Then, on page 9, I agree with where you say, "peculiarities not generally found in business".

Thank you very much for coming.

---Recess.

SUBMISSION BY ALPHATEXT SYSTEMS LIMITED

THE CHAIRMAN: Well, Mr. McInnes, it is nice to have you with us. Of course, we have looked at your brief. Perhaps you could help us by giving us the high points and then we will have the discussion on it.

MR. McINNIS: Thank you, Mr. Chairman.

When I first read your solicitation for briefs in the paper I was concerned with

1 the word "structure" ... which seemed to narrow
2 the problem more so than what we are concerned
3 with. The best way to introduce some of the
4 concerns is to define "publishing" in our terms.
5 To do that perhaps I will take the definition
6 that the development people in our organization had
7 because that represents the essence of what we
8 are doing. Basically publishing is not simply
9 a business of producing books and magazines or,
10 for that matter, television programs. It is
11 rather the business of moving information to those
12 who need or want it by whatever means apply.

13 The second word is the word "Royal",
14 because to a certain extent that implies a study
15 of acts that have transpired rather than perhaps
16 anticipating the needs of the future.

17 THE CHAIRMAN: I would not be
18 concerned about the meaning of the words in
19 this regard. We hope to be known as forward-
20 looking people by our very nature and not too
21 backward. I would not be hung up on the word
22 "structure" We are looking forward, not with
23 the benefit of computers yet, we understand
24 some of the functions, so don't be concerned
25 about the terms of reference too much.
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1 MR. McINNES: Just to perhaps
2 define our focus point, I would just once
3 again read a statement I think represents it:
4 Profitability, and in this case we talk about
5 computerized typesetting, which is perhaps
6 one aspect of the technology we are addressing --
7 doesn't result from the replacement or maintenance
8 of electronics. It is instead the result of
9 the updating of the conventional invention.
10 Our concern is to try and define the needs of
11 the market for information and anticipate those
12 needs and service them.

13 THE CHAIRMAN: I think that
14 really is a good, sound principle for any
15 business, is it not? Isn't marketing a product
16 to examine the market and anticipate the needs
17 and try to meet them?

18 MR. McINNES: I think it is
19 a good, sound principle for any business, but
20 in an innovative business which is using
21 technology operating to a certain extent
22 outside the establishment or the existing business,
23 it is an essential principle to operate on because
24 you can't develop a market without a true
25 appreciation of the underlying needs of the
26 market. I think, to a certain extent, the
27 existing establishment, let us say, whether it
28 be publishers or printers, operates on the
29 principle of perpetuating establishment because
30 of their position and fixed investments and so on,



1 but if you are operating outside of that,
2 then I think you must put a much greater
3 emphasis on anticipating the true needs. It is
4 a question of placing the emphasis, I think.

5 Now, I have defined the focus
6 point of our attention, but now I would like to
7 just perhaps go one level deeper and define
8 the technology to a certain extent: What is
9 the innovation we think we are applying to the
10 needs of the public?

11 DR. JEANNERET: Would you move
12 a little closer to the microphone, please?

13 MR. McINNES: Oh. Once again,
14 in order to define the technology that we
15 believe we are innovating in Canada -- the
16 mechanics of manufacturing and distributing
17 products today are essentially based on existing
18 printing technology. We believe an alternative
19 technology exists in the field of informational
20 science. What essentially we are doing is
21 going to people who publish information but
22 not in the strict sense of book publishers,
23 but in the sense of industrial information
24 departments, government information departments,
25 libraries, and giving them the capability to
26 get the right information to the right people
27 faster and that opportunity represents a
28 significant innovation over giving that
29 information to, let us say, independent
30 publishers or independent printers and having them



1 process it and disseminate it because we have
2 determined through a number of cost-benefit
3 studies made by the federal government what we
4 can provide those disseminators of information.
5 We call them publishers but we think they are
6 different publishers in your definition.

7 THE CHAIRMAN: I want to go into
8 that one thing. Don't attribute to us your
9 definition. If you look at our terms of
10 reference, they are not confined to the words
11 "book publishing" or "book publishers". It
12 is using publishing as a raw base. This is
13 the focus of our endeavour and we must have one
14 sort of focus to look at in general terms:
15 book publishing. I can assure you that we
16 have an interest in your activities, so don't
17 feel that you are outside the establishment.
18 You are well inside it. I think we are
19 capable, my colleagues are at least, of
20 conceptualizing and forming a part of being
21 able to comprehend what it is your organization
22 is doing and what you see in relation to the
23 services you have performed and the needs
24 which exist and the technology which you are
25 bringing to bear because it is very important
26 and it is highly interesting to us. Don't
27 get caught on thinking that you are dealing with
28 people who are confined by definitions. That
29 is all I am going to say.

30 MR. McINNES: Fine. I think you



1 define the essence of the innovation that we
2 have developed, we offer, and perhaps I will
3 just read from the brief to give you a concise
4 definition:

5 "Alphatext offers an
6 Automated Publishing System Service
7 which is based on production-
8 proven computer software programs
9 which encompass a general purpose
10 full page text composition
11 capability, a time shared text
12 entry and editing system
13 accessible by typewriter
14 terminals, a remote information
15 retrieval capability and a
16 high speed cathode ray tube
17 phototypesetter which provides
18 graphic arts quality output
19 at an average rate of 10 pages
20 a minute."

21 DR. JEANNERET: Do you consider
22 yourself primarily suppliers for the graphic
23 arts industry or do you consider yourselves suppliers to
24 publishers to the consumer, or both?

25 MR. McINNES: Today I would say
26 that we provide a service to publishers.

27 DR. JEANNERET: Directly?

28 MR. McINNES: Yes.

29 DR. JEANNERET: Your main concern
30 is not with the consumer exactly. There



1 is a vast amount of confusion in the public
2 mind between printing and publishing, as you know.

3 MR. McINNES: In the sense that
4 a number of installations are used, we maintain
5 profiles of their consumers so that they can
6 select who would disseminate their information
7 to their consumers. We do not own any
8 content, but we are certainly concerned with
9 the manufacturing process of publishing and
10 I think we certainly are concerned with the
11 distribution channels.

12 DR. JEANNERET: You are
13 technology, you are not acquiring copyrights?
14 You could acquire copyrights but you are not
15 acquiring copyrights?

16 MR. McINNES: That is correct.
17 We have a fairly strict definition of the
18 business we are in today. In this technology
19 there are too many alternatives. We have
20 to just concentrate on one. Just to complete
21 that definition I gave for service and
22 perhaps in more common terms, what we are doing
23 is providing service to what we call the
24 author-editor cycle. That is the portion of
25 publishing that is concerned with the content.
26 Through the use of typewriter terminals, you
27 get the document you want and update it and
28 revise it perhaps ten or fifteen times.

29 The second aspect of our service
30 is that we have offered the capability

1 of an author-editor cycle. That is when the
2 true content is then concerned with the form
3 and displayed in quality. The innovation
4 is bringing those two processes under the
5 control of the publisher or author. Whereas,
6 formerly, authors or publishers were concerned
7 with content, we are concerned with the typesetter
8 cycle, particularly in information departments
9 of large industrial firms and government
10 departments, in the case of libraries as
11 well. When you bring those two cycles together
12 as one, then we have 70 or 75 computer terminals
13 installed in places in Toronto, Montreal and
14 Ottawa. Then you start to realize, the user
15 starts to realize the economic problems for a
16 great improvement of 20 to 40 per cent.

17 DR. JEANNERET: Granted
18 this brings up some serious copyright problems
19 too that are not yet resolved.

20 MR. McINNES: We are only concerned
21 with the flow of information and not the ownership
22 of the information. We are certainly concerned
23 with the security of the information while it
24 is in our hands, but it is continually owned by
25 the person who puts it into the terminal. It
26 will reside in our computer for a period of
27 time but it is simply a momentary repository
28 for the information.

29 DR. JEANNERET: My firm is one
30 of your customers, as you know.



1 MR. McINNES: I guess, if that
2 is a satisfactory explanation of the innovation
3 that we have developed to this point. I think
4 we still have a fair way to go because the
5 needs for information are changing very rapidly
6 and we will have to continually try and be in
7 a position of satisfying those needs at any
8 given point in time. At the same time
9 technology has changed very quickly upon which
10 the service is based to satisfy those needs.
11 My point in this brief is that we have to
12 anticipate what form this flow of
13 information is likely to take in the future.
14 We must anticipate what we can do to satisfy
15 the needs to process that information so that
16 we can determine a degree of self control or
17 we can give impetus and nurture -- companies
18 are concerned with technological innovation
19 in an embryonic state. We shouldn't just
20 be concerned with problems that exist today.
21 You know, to a certain extent maybe some of
22 those problems as they exist today should
23 simply quietly die off because they have reached
24 a level of maturity and age, because of the
25 process that is taking place.

26 DR. JEANNERET: I was not quite
27 able to get it out of the brief. Your
28 nationality is exclusively Canadian, as far as
29 ownership is concerned?

30 MR. McINNES: It is exclusively



1 Canadian, a private company which was incorporated
2 in 1969. I think that there has to be a commonality
3 to the objectives of the private organizations
4 or innovating technology in industry in
5 Canada along with the provincial and federal
6 bodies that are concerned with this, such places
7 as the Federal Department of Industry, Department
8 of Communications and so on.

9 MR. CAMP: Where do you get
10 your hardware or software?

11 MR. McINNES: The proprietariness
12 and uniqueness of our process is contained
13 in the software. We took a based development
14 of IBM, that IBM had put perhaps 60-man years
15 into developing. We have put a further
16 10-man years of development into that. That
17 is the time-shared thing to establish a
18 jointly-owned company in Canada in order to
19 get the right to use the composition of hardware
20 and software. They were given the right to
21 use that as part of their charter. Recently
22 we had the opportunity to purchase the full
23 ownership of that company and, in so doing,
24 we gained rights to the know-how of the
25 software process.

26 DR. JEANNERET: Some of these
27 things are relevant and some I think are
28 irrelevant for the Commission, but there is
29 one thing I would like to touch on and that
30 is Canadian jurisdiction in relation to



1 | established means and the use of your equipment.
2 | My understanding -- correct me on this -- is
3 | that generally speaking, for example, the
4 | ITU does not claim jurisdiction over your
5 | part of the operation as long as they have
6 | jurisdiction over the input and the output.
7 | Is that correct?

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1 MR. McINNES: Yes, functional-wise
2 that is a proper definition.

3 DR. JEANNERET: This is very
4 important, of course, with the use of your
5 technology in the industry.

6 MR. McINNES: Particularly in
7 our case, our customers are controlled at all times.
8 They determine the form of the content, they
9 use our services in the same way as today
10 someone uses their typewriter or a Lancaster
11 machine and they feel that the jurisdiction of
12 the union comes in at the point of entry at the
13 terminal.

14 DR. JEANNERET: Well, I believe
15 my understanding is correct, but I am going to
16 check this out.

17 MR. CAMP: The high-speed
18 Cathode Ray Tube which provides graphic art
19 quality -- at the average rate of ten pages
20 per minute.

21 MR. McINNES: Yes.

22 MR. CAMP: Is that, in fact,
23 publishing or transmitting?

24 MR. McINNES: No, it displays
25 characters of 250 different types at the rate
26 of 200 characters a second.

27 THE CHAIRMAN: That is what you
28 make your plates from?

29 MR. McINNES: Yes.

30 THE CHAIRMAN: You have a book



1 manufacturing capability?

2 MR. McINNES: That is right.

3 MR. CAMP: Which you would say is
4 40 per cent cheaper than establishment technology
5 or present technology?

6 MR. McINNES: There seems to be
7 a consensus that it is 40 per cent.

8 DR. JEANNERET: If you are going
9 to manipulate the material there could be a
10 substantial saving but for straight matter
11 I think it is debatable.

12 MR. McINNES: Just straight
13 matter, one-time application. 20 to 40 per cent
14 certainly lies within the market that we have
15 defined at the present time. I will give you
16 an example of straight matter. We have
17 perhaps six installations where they are doing
18 monthly internal employee publications,
19 newspapers, magazines. That is straight matter
20 and they have effected those economies.
21 I might point out that it is fine for our users
22 to effect those economies but in order to build
23 a viable business the opportunity for profits
24 has to be there as well. That is a primary
25 consideration that has to be considered hand-in-hand
26 because there has to be a large enough market
27 for a technological innovation, there has to be
28 an improvement of activity and there has to be
29 an opportunity for profit for those who are
30 innovating the technology.



1 MR. JEANNERET: But for the record,
2 until you come to the point of optical scanning
3 that is completely flexible and can handle any
4 kind of input, we have not got there yet, some
5 little person is going to peck so many character
6 strokes per minute somewhere and we are comparing
7 very often somebody doing it at a lower rate
8 and somebody doing it at a higher rate, but you
9 daren't generalize from this.

10 MR. McINNES: That is right, but
11 our sales have grown a million dollars in twelve
12 months. It is certainly a smaller market base
13 than exists in the U.S.

14 THE CHAIRMAN: I think Mr. Jeanneret
15 has a good grasp of the physical terms of what
16 it is your operation is. I have this difficulty,
17 I have only heard about it in words and have
18 not seen it in the product or have not seen a
19 Cathode Ray or anything else in operation.
20 I hope before we finish our exercise or deliberations,
21 which will be some time in any event, by which
22 time I hope Mr. Camp or Dr. Jeanneret will be
23 able to take a look at this innovation.

24 MR. McINNES: I would be very glad
25 to have the opportunity to show it to you.

26 THE CHAIRMAN: Thank you very much,
27 Mr. McInnes. You are in Ottawa, Mr. McInnes?

28 MR. McINNES: Yes.
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SUBMISSION BY TASS T. GUNDEL & ASSOCIATES

THE CHAIRMAN: Mr. Gundel, you are an educational consultant from Hamilton, I understand?

MR. GUNDEL: That is correct.

THE CHAIRMAN: You have given us one preliminary brief and how you have given us a second but more elaborate one. I must confess that, having had it in hand only the last short while, none of us have had a chance to look at the more elaborate one, but would you tell us, please, what the high points are in your brief and then we can discuss it with you, if we may?

MR. GUNDEL: Yes. First, Mr. Chairman, I have put in two briefs, one brief and one not so brief, but I have discussed it with various educational officials, librarians, publishers and it was felt that it is needed that certain aspects that I covered in my brief should be more elaborated on.

Before I present my findings I would like to mention that I do not represent any organization and I am not seeking any publicity, but I would feel remiss if I did not try to help the Commission in a small way to overcome some of the difficulties. I am a management consultant, I have been specializing in educational administration for the last six years and I am what you might call knowledgeable in this area.



1 Being a management consultant, actually, I have
2 what you might call an analytical mind. The
3 Canadian book-publishing industry willingly or
4 unwillingly, finds itself amidst a gigantic
5 revolution which could conceivably last many
6 decades to come. Up to recent times Canadian
7 publishers led an uncomplicated existence. When
8 the revolution was finally recognized as such,
9 most publishing houses -- I am talking about
10 publishing houses in Canada -- found themselves
11 unable to cope with the situation, the new
12 perspective as applied to education.

13 THE CHAIRMAN: Mr. Gundel, I
14 know you were following your script very carefully,
15 but I hope you won't read -- you can if you wish,
16 of course, if you would prefer, but because we
17 can read it fairly quickly ourselves, if you would
18 deal with the high points of what you want to say.
19 If you would consider doing that it would be
20 most useful.

21 MR. GUNDEL: Yes. You see, the
22 first part is the summarization of what comes
23 after.

24 DR. JEANNERET: Particularly
25 get to the recommendations.

26 MR. GUNDEL: "The Publishing
27 Industry: 1. Establishment of
28 A Canadian Book Marketing Board
29 with Regional Distribution Centres
30 throughout Canada."

1 Some of my remarks, my brief takes
2 a look at education in the 70's and 80's, what
3 education will be like and why it is so important
4 for education to have a strong Canadian publishing
5 industry. As an advice to these publishers
6 I say that they have to change their methods
7 of marketing and provide the type of leadership,
8 they have to set aside their petty grievances, and
9 so on. There is sound political history that
10 can stand on its own feet without foreign
11 domination and not depending on foreign subsidies.

12 When we look at books in general,
13 we have to realize that less and less emphasis
14 in the years to come will be given to stereotyped
15 textbooks formerly handed down from one student
16 generation to the next. The time will come
17 when, in the not too distant future, in some cases
18 it has come already, when textbooks are already
19 outdated on the day of publication. Schools
20 and teachers will then, undoubtedly,
21 refrain from using this text for more than a
22 single semester or a year at the very most.
23 As a result, libraries will become research
24 centres for students as well as the teachers
25 who have access not only to books but also to
26 other things. Therefore, it is quite apparent
27 to librarians, all books in general are not just for
28 the intelligensia of our nation, but they form
29 the basic requisite for Canada's future. Today's lib-
30 rary of books will become a supermarket of knowledge



1 tomorrow. School Boards, by and large, have
2 in the past preferred to deal with wholesalers like
3 the Co-operative Book Centre, or any of the others
4 in the past primarily in the area of library books.
5 Let me mention at this point the reason for this
6 and the advantage to deal with wholesalers. First
7 of all, all library books have to be catalogued
8 and processed. The service is rarely provided
9 by publishers. The school board can expect
10 anywhere between 34 and 37 per cent discount
11 from a wholesaler with only an average of
12 20 per cent from a publisher. The disadvantage
13 of dealing with the wholesaler is, in fact, be-
14 cause of the required processing, the waiting
15 period for receiving the book more often than not
16 runs 6 months and more. Again there are extremes
17 and some people have waited for books for two
18 years and there were other exceptions of course.
19 Such waiting periods can rarely be tolerated by
20 schools. The consequence, of course, is a
21 tremendously high cancellation rate.

22 Dealing with publishers and
23 unprocessed books, the average waiting period
24 is approximately two months.

25 I would like to ask your indulgence
26 for a moment to say why do boards buy more and
27 more American books? Due to the lack of adequate
28 Canadian book marketing programs, librarians
29 are rarely up to date as to the availability of
30 Canadian books or publications with Canadian



1 rights. Status information provided by the various
2 publishers is often misleading not to say
3 inaccurate. Pre-publication information on
4 new books is readily available well in advance from
5 most United States sources to a much lesser
6 degree from Canadian Houses.

7 Librarians and the often scarce
8 secretarial staff are usually not too well
9 trained in the arts of administration and in many
10 cases they detest having to perform a multitude
11 of complicated clerical chores for the sake of
12 ordering a book. If I may interject here, take
13 any of the public school libraries in the province
14 where you have a library, or teacher librarian
15 who is a part-time librarian, she has mostly
16 no librarian experience, she has to teach classes
17 and she is supposed to select books, and to do
18 her own work, meaning the physical ordering of
19 the books. I think many of my colleagues
20 can help me out. She is lucky if she has
21 access to a typewriter to make out the paper
22 work involved. That is the reason. I go on
23 by saying any supplier willing to minimize the
24 clerical work load is usually more than welcome
25 And we mention one -- using the name and I understand
26 they are making greater inroads every month.

27 Last but by no means least,
28 librarians and education officials are more rigidly
29 than ever bound by budgets and, therefore, more
30 cost conscious than ever. Inasmuch as a net cost
of an imported book may not vary much from

1 domestic publications, the price charged for
2 cataloguing and processing differs often substantially.
3 Books published in United States are not seldom
4 shipped from a central warehouse distribution
5 centre within days; Canadian books, by and large,
6 are not stocked, not readily available and in too many
7 instances it takes weeks and months until the
8 ordered books arrive at the customers' library;
9 that is, if a delivery didn't collide with the
10 school board's cancellation date.

11 As a point case, let me say
12 that the Hamilton Board of Education had to pay
13 in excess of \$35,000 last year just for freight
14 costs alone by buying an American supplies
15 and shipping, which is our experience f.o.b.
16 Hamilton and the taxpayer -- or let me rephrase it
17 by saying that the libraries would have been
18 able to buy \$35,000 more of books with what
19 we paid in freight charges.
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I have taken the occasion to accumulate a number of recommendations which I would like to submit to the Commission at this point, seven of them which are directed to the publishing industry and five to the Ontario Department of Education. To the publishing industry, my recommendation is:

"1. Establishment of A Canadian Book Marketing Board with Regional Distribution Centres throughout Canada."

THE CHAIRMAN: We have gone over these and I don't think it is necessary it be on the record. I wonder if we might just take these now and ask you some questions about them? They are relatively straight forward and very comprehensive, so if you wouldn't mind, perhaps we can get into that aspect of it.

DR. JEANNERET: I have very few questions. I haven't had time to fully assess your latest submission which we received is as we came in, but your first recommendation to the publishing industry to establish a Canadian book marketing board with regional distribution centres throughout Canada, I suppose that might involve the Commissioner with the Combines Investigation Act. In that case, we fall back on the alternative we make it a governmental responsibility.

MR. GUNDEL: My personal



1 feeling is something could be left within this
2 area. It is better than to hand everything over
3 to the government to do.

4 Now, I used the words "marketing
5 board" knowing pretty well there would be
6 some flap, possibly, but I hated to use the
7 word "cooperative" because it has left a bitter
8 taste in many people's mouths, but this is
9 actually what is meant.

10 THE CHAIRMAN: Is that an
11 attempt on your part, do you think, to
12 see the establishment of an organization
13 which the industry itself does not seem
14 capable of putting together itself?

15 MR. GUNDEL: That is correct.

16 THE CHAIRMAN: Tell me about
17 the \$35,000 amount that you were talking about?
18 How did that come about? What was this
19 greater cost?

20 MR. GUNDEL: The Hamilton
21 Board has a budget or is spending approximately
22 \$2 million a year on books.

23 THE CHAIRMAN: What is your
24 association to the Hamilton Board?

25 MR. GUNDEL: I am assistant
26 consultant to the Hamilton Board.

27 THE CHAIRMAN: I see.

28 MR. GUNDEL: It was repeatedly
29 brought to my attention because I have planned
30 and developed the library and textbook program



1 for the Hamilton Board for the last five years.
2 I have established policies and guidelines as
3 they apply in Hamilton, so I had many dealings
4 with various publishers and suppliers and, of
5 course, library associations, et cetera. The
6 \$35,000 I mentioned here was based on the fact
7 that we had to absorb the freight costs. Let
8 us assume a moment we allocate \$15,000 to a
9 secondary school library for the calendar year.
10 There was a time when we were able, or it was easy
11 to say "All right, divide this by five" and
12 then you know exactly how many books the library
13 should have or buy in the year. Of course, it
14 has been increased to an average of \$6 now, but
15 very often we found the library didn't achieve
16 the required number of books and when we checked
17 into it, it was found that the cost of shipping
18 was tremendously high and the gentleman who was
19 in charge of the actual book acquisition for
20 the Board, physical aspect of it, made a report
21 to me indicating that \$75,000 had gone down the
22 drain and was a write-off as far as book
23 acquisitions was concerned.

24 DR. JEANNERET: How would the
25 ratio of actual expenditures on books compare
26 to a total library budget?

27 MR. GUNDEL: We have an average
28 of half a million dollars a year.

29 DR. JEANNERET: How much of
30 that goes for books?



1 MR. GUNDEL: I would say in
2 the neighbourhood of \$350,000.

3 DR. JEANNERET: You say
4 practically two-thirds is spent on books and
5 the rest is on administration?

6 MR. GUNDEL: No, not on
7 administration. This is library supplies, as an
8 example.

9 DR. JEANNERET: Is your salary
10 in the budget? Who pays that?

11 MR. GUNDEL: My personal salary?
12 This is a different budget altogether.

13 DR. JEANNERET: This is what
14 I want to find out, the total library budget
15 compared with the amount spent on books.

16 MR. GUNDEL: I don't know at this
17 point what the salaries are.

18 DR. JEANNERET: Let us not
19 pursue it then.

20 THE CHAIRMAN: Let us get back to
21 the \$35,000. What caused the expenditure
22 of \$35,000 for what could have been spent?
23 You said freight charges. For what?

24 MR. GUNDEL: For shipment of
25 the books from the publisher, from the wholesaler
26 to us.

27 THE CHAIRMAN: This is just dealing
28 with Canadian publishers?

29 MR. GUNDEL: Yes.

30 THE CHAIRMAN: If the books

1 had been bought elsewhere you could have
2 saved \$35,000?

3 MR. GUNDEL: That is the
4 implication.

5 THE CHAIRMAN: "Elsewhere" is in
6 the United States?

7 MR. GUNDEL: Yes.

8 THE CHAIRMAN: If the same
9 books were bought in the United States that
10 were bought here -- the same books, were they not?

11 MR. GUNDEL: Yes.

12 THE CHAIRMAN: Then your shipping
13 charges would they not have existed of \$35,000?

14 MR. GUNDEL: Yes.

15 THE CHAIRMAN: Are these American
16 books that were being bought?

17 MR. GUNDEL: Well, we buy all
18 our books, or have been in the past, through
19 the cooperative book centre, as far as library
20 books are concerned, because we need the catalogue
21 and the processing. Only very few books were
22 bought directly from the publishers on the library
23 side.

24 THE CHAIRMAN: It seems to me
25 if the savings would have been \$35,000 on
26 freight charges alone and the books could have
27 been bought in the United States and that they
28 were, therefore, books of American authorship
29 and manufactured origin, and the amount that
30 is being paid out for books, the purchase price



1 of the books must be fairly substantial. I think
2 it would be very useful to us to have the figures
3 that substantiate the \$35,000. Do you mind
4 seeing if you could get your hands on those figures
5 and also the titles that were bought and what
6 the origin of those was in relation to that
7 \$35,000 figure? It would be very interesting
8 to find out what the pattern of purchase is.

9 MR. CAMP: I have a general question
10 but I have no comment on your recommendation.
11 We had the Canadian Society of Book Illustrators
12 this morning. You say something should be done
13 to make Canadian books more attractive looking.
14 Would you mind telling me what is unattractive
15 looking about Canadian books, or what can be
16 done about it?

17 MR. GUNDEL: It is a matter of
18 opinion and I have to admit this point is put
19 in on the request of quite a number of librarians
20 who are concerned with the fact -- even
21 students judge a book very often by its cover ---

22 MR. CAMP: Librarians too.

23 DR. JEANNERET: You keep the
24 jacket on the book in the library?

25 MR. GUNDEL: Yes, they do.

26 DR. JEANNERET: That is not normal.

27 MR. CAMP: What you are talking
28 about is design, typography, illustrative
29 material.

30 MR. GUNDEL: Yes. Maybe there



1 is too much to make a general or sweeping
2 statement on the subject, but this was a point
3 raised time and time again.

4 DR. JEANNERET: I think it would
5 have been a more convincing statement 20 years
6 ago.

7 MR. GUNDEL: Obviously.

8 THE CHAIRMAN: Thank you. If
9 you could give us that information, we would
10 appreciate it.

11
12 ---Adjournment
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ONTARIO

ROYAL COMMISSION ON BOOK PUBLISHING

Mr. Richard Rohmer, Q.C.

Chairman

Dr. Marsh Jeanerette

Commissioner

Mr. Dalton Camp

Commissioner

Mr. Robert Fleming

Executive Secretary

252 Bloor Street West, Toronto,
Ontario, April 16, 1971.

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S U B M I S S I O N B Y

Mr. Stanley J. Reid, President	Science Research Associates (Canada)
Mrs. Bella Pomer	Canadian Writers' Guild
Mr. John Badger	Pendragon House
Mr. Mark Frank, Manager	Progress Books



Toronto, Ontario,
April 17, 1971.

---The hearing commenced at 10.00 a.m.

THE CHAIRMAN: Ladies and gentlemen,
we will commence this morning's proceedings.
The first presentation is Science Research
Associates (Canada) Limited, Mr. Stanley J. Reid,
President. Mr. Reid, welcome.

As you indicated you have brought
much material with you. I wonder if you would
be kind enough -- as you are aware our practice
is to ask you to hit the high points and then
throw yourself open to some questions.

MR. RFID: Thank you, Mr. Chairman
and Gentlemen on the Commission.

First of all we appreciate the
invitation to submit the brief which we have
submitted as you have indicated. I am sure
there are a number of terms in there which may not
be common to you. In fact, we have trouble with
them ourselves at times. Hopefully, during the
session we can bring some of these out and perhaps
make it just a little clearer as to what we are
doing.

I would like to reiterate as in our
brief our operating policy as such. Our historical
background is in the brief, I will leave that
to your reading. Essentially we started five
and one-half years ago and we have imported, marketed



1 and serviced educational products - produced by
2 our parent corporation. At that time we introduced
3 a policy of developing indigenous and multi-
4 national product produced, developed in Canada.
5 Now, to make it very clear if I may, we are putting
6 a very heavy onus on items 2 and 3 but we
7 have deveoped our company, essentially, along
8 No. 1 up to approximately this point in time.

9 Now, one other thing that I should like
10 to make very clear having sat in on some of
11 the sesssions for the past few days is just what are
12 we in and what do we do, and I assure you,
13 Mr. Chairman, there are days when we perhaps wonder
14 ourselves. One of the things that comes up
15 all the time is, are we in trade, are we in text
16 or are we in the box business. Essentially
17 what we do is we are involved in what is briefly
18 called M.O.I., better known as Materials of
19 Instruction. That sounds like a very fancy handle,
20 we have heard the terms learning materials,
21 education materials and what-have-you. I
22 think you can change most of them around. Materials
23 of instruction covers a wide variety of material
24 in our estimation and the text is one of these
25 but it is much broader than that and I think
26 probably at this time it would be informative to
27 the Commission to explain our view of the role
28 of the textbook.

29 Up until about 10 years ago the
30 textbook held centre stage in the educational



1 forum. A survey done by the Canadian Teachers'
2 Federation many years ago pointed out that 98 per
3 cent of the instruction in Canadian classrooms
4 was done by teacher and text. That was about 10
5 years ago. Today the situation is entirely
6 different. The text is, if you will, but one of
7 the stars on the stage or one of the galaxies.
8 It is a very important one but no longer does it
9 hold the wide role that it used to.

10 What are the other things?
11 Immediately many people slip into the answer
12 it is A.V., text. I suggest it is more than that.
13 It may be as I have suggested, text, it may be
14 a paper unit, it may be a cassette, it may be a
15 film, it may be T.A.I., tutor assisted instruction
16 or any one of many other forms of media but I
17 would suggest to you gentlemen that this is the
18 role of the textbook as we see it today and not
19 only as we see it but studies done by people such
20 as the Ploughden Commission, the B.C. Teachers'
21 Federation and, of course, our own
22 indicate that a wide usage of materials is
23 desirable and, in effect, generally what is
24 happening.

25 From the point of view of what
26 this is doing to the textbook, it is placing
27 it in another emphasis. Why? Well, I would suggest
28 wance is one of the first reasons that the rele-
29 textbook role has changed. As you know, we
30 have a great stress today on individualized



1 instruction, individual excellence, this kind
2 of material and the text alone cannot, even in the
3 massive units that we have, provide all of that.
4 As a result we are now finding that textbooks
5 instead of selling in the old traditional
6 quantities of 30, 30 and 30 which many publishers
7 have enjoyed and are, to some degree still
8 enjoying, is changing and the people are buying
9 six, eight and four. Instead of checking to
10 make sure that Laura Secord, that early chocolate
11 maker, was there ahead with the cow we can now
12 look in six or eight different editions to find
13 out if she really was there; in other words,
14 let the child go to the source material where
15 possible or go to others but the teachers use
16 it in this context.

17 I would also suggest, gentlemen,
18 while concrete statistics are very difficult to
19 read that the unit decline of textbooks is
20 world-wide in developed nations. We have heard
21 testimony here that it is declining and I would
22 suggest that this is common to many of the nations
23 that I have visited and certainly indicated in
24 most of the papers.

25 Well, if this is happening what
26 essentially are we trying and how are we trying
27 to go about it? First of all, if I may, I
28 would like to address very briefly to this aspect
29 of skills. In terms of skills we effectively
30 have something like this (indicating), this could



1 represent kindergarten to adult or grade 13 or
2 whatever you wish. Up in this area we have skill
3 getting. Down in this area we have skill usage.
4 I don't mean to go into a full dissertation
5 mainly because I can't but essentially as we go
6 through school - and this is over-simplifying
7 schooling -- we do have a skill getting area
8 and a skill using area. We are heavily in this
9 particular area, this skill getting development.
10 As a student gets a new skill he goes out and
11 uses it, back in for more and so on up and
12 down the entire life-long aspect.

13 As you are probably well aware,
14 skills can be placed on a step-ladder approach
15 of difficulty from early childhood, say five
16 to adult and what we do as a child and an adult
17 is that we move through these, we expand and
18 we learn and we move up that ladder. Essentially in
19 individual differences or individual excellence
20 which is one of the main things educators are
21 concerned with today, the problem comes up of
22 how, and effectively if I may go very briefly
23 to my bell curve here we have a little group of
24 ten year olds. They are in a class for a while
25 in Newfoundland, New Brunswick, it doesn't matter
26 where they are. We have got those little kids
27 that are so-called average, we have got the ones
28 that I used to love to teach and everybody loved
29 to teach that are just a little better, they are
30 easy. Down here the aren't quite so good



1 and you have to work a little harder and here
2 we have got our class roughly called a bell curve.

3 Now, this little fellow is ten
4 years old and let us talk about the skill of
5 reading. This little fellow is ten, he is
6 roughly where a ten-year old should be.
7 All right, let us let him start there and go
8 as fast and as far as his rate and capacity
9 will permit. I think you will agree it is good
10 common sense and practical. Now, this little
11 fellow down here is also ten years of age but
12 he is reading at a seven-year old level. Okay,
13 under the basis of concept for individual
14 differences this child should then start where
15 he is and go at his speed. By the same token
16 up here, if I am 14 or 15, let me start here.

17 Then, gentlemen, in a very
18 simplified format that is what individual excellence
19 is all about. I am talking about the skill
20 getting side at the moment, if I may. Skill
21 using is somewhat different. We are not talking
22 about literary appreciation, poetry, et cetera
23 in this element.

24 What we are saying in this
25 particular circle is that if you have 35 children,
26 just as we have individual differences in this
27 auditorium, perhaps individual differences in
28 the Commission, we have individual differences in
29 the classroom and everybody is moving along at
30 their own speed, like little fish swimming upstream.





1 To digress a moment, I was
2 trying to make that point in a tropic
3 country recently and found myself falling on
4 barren ground until I learned that right nearby
5 was a river with piranha and apparently it does
6 not pay to be out front when there are piranha
7 behind.

8 THE CHAIRMAN: Is this a Canadian
9 series of fish?

10 MR. REID: How about Lake Simcoe
11 trout?

12 THE CHAIRMAN: How about lamprey?

13 MR. REID: All right. The concept
14 is letting the adult or child move at his own
15 speed. In our trade this is one that has
16 been used widely, multi-level approach. All
17 right, if that is the approach that we think is
18 effective and letting the student move from where
19 he is to where he could be, how are we trying
20 to do something about it? If I may I would
21 like to show you a few examples of some of the
22 things we are doing.

23 Firstly, over here on your left
24 we have a program called, Language Development
25 Program, offered in Canada, nine artists in Canada,
26 one designer in Canada et cetera, et cetera,
27 produced in Canada -- a very simple concept.
28 You might call it a story-board if you will,
29 and here we have a sequence of events.

30 The idea is to get the child to

(page 526 follows)

1 communicate orally and then in a written manner.

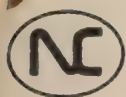
2 Now, in terms of consumability if the child writes
3 on it we have got problem, so what we have is a
4 magic marker, a little old stick tag and
5 some scotch tape and the child can build up the
6 story as we go. If it is inter-city children
7 you will have inter-city language and if it is
8 urban, you will have urban. We have another
9 one which might be of interest as we move through
10 the areas here, the whole area of pollution.

11 If I may I will just take a moment and pull that
12 one, dealing with this concept of our elements.
13 Here we have one which is narrated by nature and
14 the story goes on. If you would like to have
15 a look at the Toronto skyline as it was last
16 Tuesday, there it is.

17 DR. JEANNERET: You haven't got one on
18 publishing, have you?

19 MR. REID: No, but we have one
20 of ping-pong playing in the Chinese edition.
21 This material is developed, produced, authored
22 and 88 per cent of this product is exported out
23 of Canada. Our exports to the United States so
24 far have not gone out in quantities of less than
25 tractor-trailer loads.

26 Now, this is an import. This
27 is a school bus. Colour plays an important part
28 much better than most of the buses provide today.
29 We have in here a number of short stories and
30 simply recreational reading. They are set out so



1 that the student and teacher can get at them,
2 the benches of the bus come out and are used
3 as resource centres and fits in with most primary
4 reading programs. That, gentlemen, is an import.

5 No. 2, a major revision with a
6 success of 85 per cent is the reading lab.
7 Here we have short selections, westerns,
8 comprehension skills. This is student administered
9 and student used. This is Brothers and Sisters
10 and has been used by something over 40 million
11 children around the world. This is in the market-
12 place in the order of about 15 countries and is now
13 used -- it was fifteen countries
14 but the University of Khartoum have just
15 adopted this and now there are sixteen countries
16 that this is exported to from Canada. 72 per
17 cent of production is export. With it Synchroteach
18 this is what is used to implement the program.





1 We do have professional teacher
2 training available. Moving quickly, if I may,
3 to Mathematics, here we have a program called ---

4 DR. JEANNERET: Those programs are
5 developed in Canada, are they produced in Canada?

6 MR. REID: Absolutely.

7 DR. JEANNERET: Would the artwork
8 be Canadian?

9 MR. REID: Yes, with one
10 exception. I am taking considerable pride in this
11 but the great exception was when we reached the
12 stage of production the paper for this product
13 was not available in Canada.

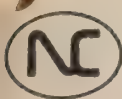
14 THE CHAIRMAN: I wonder if you
15 could find out whether or not the people who
16 were responsible for the production of the paper
17 were firms that were controlled elsewhere than
18 in Canada?

19 M.R. REID: In our search for
20 paper we tried every major manufacturer.

21 THE CHAIRMAN: I am only asking
22 the question facetiously.

23 MR. REID: I think in the Industry
24 and Commerce Department, they are working on it.
25 This is Mathematics Skill Development, an import.
26 Our June book production in 1965, it was
27 written up in the Technological Impact. I
28 believe there are seven new concepts. This,
29 again, is Mathematics Skill Development.

30 Moving back quickly to another one,

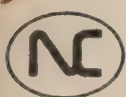


1 this is just out (indicating) produced in Canada,
2 authored, this started out as an indigenous program
3 and it has since ended up as multi-national
4 because here we have put a great deal of
5 stress on what you might call the little known
6 Canadian heroes and tales, Trespassing
7 Newfoundland to swans, on wherever the lake
8 is in B.C. These are materials that are
9 produced in a conventional format, multi-levelled
10 with three levels of material in them. This
11 material is now out and the part that was
12 out in time is in Circular 14.

13 Here we have an import. Reading
14 Lab 3B, which is now being utilized by
15 children from ages 12 to 17 and it is widely
16 used by the service.

17 Here is Big Sister or Big Brother
18 Dynamique. This is the French edition of
19 WP which is in the corner. This does the
20 same things in French. We are also
21 considering a couple of other languages.

22 Finally, on the table,
23 Conventional Format, Linguistic Approach to
24 Teaching Reading, which is widely used in
25 Canada, an import. Down below the table,
26 if I may be excused one moment, just off the
27 press, Mathematics Involvement Program. Two
28 young Canadians came to us with this a little
29 over a year ago. We neither had the human
30 nor economic resources at that point in time to



1 go into it. We put them in touch with our
2 math people in our parent company. As a
3 result, today they are both at Anaheim
4 University talking in the field of
5 mathematics and this program will go into the
6 world marketplace from two Canadian authors.

7 Generally speaking, that is a
8 quick rundown of some of our products. They
9 are much more extensive than what you see here.
10 Basically, we think we have been successful
11 for a number of reasons. One, the quality,
12 if you would, of the product. The relevance
13 to the child -- one word I have noticed missing
14 is who is down at the end of the line -- the child.
15 We are considerably concerned about what happens
16 with, to and for him, and also the quality
17 of our professional services. As indicated
18 in the brief, we do teacher training, our mar-
19 keting people are all from education and our
20 development people as well.

21 Finally, in this area, our research
22 and development costs are extensive. In fact,
23 you might call them risks. I think that you
24 can see, when you enter into something such
25 as the box, that there is nothing prescribed
26 which you are shooting for, but it is an open
27 marketplace. Your development costs on the
28 box probably will equal that of several texts.

29 Finally, our recommendations you
30 have. They deal with development of expertise



1 in the national market, they deal with aid
2 to developing nations and they deal with exports,
3 an item very dear to our hearts.

4 I think that concludes, thank
5 you.

6 THE CHAIRMAN: Thank you very
7 much.

8 MR. CAMP: I know you are beginning
9 to prepare your material in the French language.

10 MR. REID: That is correct, Mr.
11 Camp. Our first product is here.

12 MR. CAMP: Is it exported other
13 than for use in Quebec?

14 MR. REID: Yes. Anticipated
15 exports in the first product will be 50 per cent.
16 As a matter of fact, that was our first major
17 order, was an export order. We have several
18 coming. This is the first that is out.

19 DR. JEANNERET: You were just in
20 Africa yourself?

21 MR. REID: This was a few months
22 ago.

23 MR. CAMP: Have you any idea
24 how this French-language material could be sold
25 in Quebec?

26 MR. REID: When we look at
27 products such as this, there is just no way
28 that 21 million people can justify the development
29 costs. Therefore, we look around to find
30 friends. We found friends in Australia,



1 England, the West Indies, Africa and the U.S.
2 and effectively, asked those friends, "How many
3 would you use if you had it?" Based on that,
4 we are able to go ahead and justify the
5 development costs.

6 MR. CAMP: I appreciate your point.
7 Therefore, as far as the costs of preparing material
8 in the French language, there is no special
9 cost to you?

10 MR. REID: No, sir. It was done
11 almost at the same time as the translation, yes.
12 As you can see on that, it is highly pictorial
13 so there is not as much translation.

14 MR. CAMP: Yes. Could you tell
15 me what the capital investment was?

16 MR. REID: We have a capital
17 investment, I would be pleased to. I would
18 prefer to file it in confidence, if I may, sir.

19 THE CHAIRMAN: I have several
20 questions that relate to that, and I would
21 suggest, we would ask you to assist us on
22 certain financial matters.

23 MR. REID: We would be delighted.

24 MR. CAMP: What about domestic
25 competition?

26 MR. REID: Would you define
27 "domestic"? There are people in Canada
28 producing materials other than book material.
29 It is not as large an area as yet as the
30 conventional book, but there are at least, perhaps



1 half a dozen people.

2 MR. CAMP: Do you make any
3 effort when you put the stress on the fact that
4 you do operate independently in your development
5 work and so on, to bring in -- to rationalize
6 production of certain items, for example, for
7 the Continental or the North American market
8 or the total market?

9 MR. REID: If I may again go
10 to, for example, the International Reading
11 Laboratory, that is used, not in every country,
12 but essentially it has a potential for everything
13 but the United States. That is not a U.S.
14 product. That is developed with what I would
15 call a high cost Commonwealth and Canadian
16 content. In the case of the end product, we
17 have developed a program geared to an industrialized
18 society and, much to my surprise, the West
19 Indies, et cetera, are all moving. One of the
20 sore points on that is that the Australian
21 company is outselling us at the moment.

22 MR. CAMP: Are you the sales
23 manager?

24 MR. REID: I am the President.
25 I used to be the sales manager.

26 DR. JEANNERET: Mr. Reid,
27 again, not to prove anything, but to orient
28 us, you already referred to the fact that a
29 box might be the equivalent cost to the cost
30 of several textbooks. Could you just run over





1 there and very roughly in figures give us the
2 prices of these?

3 MR. REID: The selling price?

4 DR. JEANNERET: If you don't
5 remember the selling price.

6 MR. REID: \$7.50 (indicating
7 Exhibit A), approximately \$88 (indicating
8 Exhibit B), \$3.40 each (indicating Exhibit C),
9 (these are all net), \$97.50 (indicating Exhibit D),
10 roughly \$60 (indicating Exhibit E), roughly
11 \$80 (indicating Exhibit F), roughly \$88 (indicating
12 Exhibit G) and the texts at \$2, \$3 and \$4.

13 DR. JEANNERET: Thank you.

14 Now, would you tell us a little bit about your
15 experience of introducing these non-traditional
16 learning materials insofar as Circular 14,
17 access to it, and so on, is concerned? I
18 recognize the fact that since 1968 the
19 Legislative grants have fused into per capita
20 grants but, in particular, prior to 1968.

21 MR. REID: Well, first of all,
22 in going into the development of these, we have
23 had encouragement from a great many divisions
24 right across Canada. There is no question.
25 As you know, Circular 14 is confined to materials
26 that used to be between boards and now it is
27 still between covers in my interpretation. I
28 believe that Circular 15, while we do not
29 have full details, will probably be much broader
30 and may encompass this kind of thing, but there

1 is no way that this material is Canadian, as what
2 we are talking about here can qualify for
3 Circular 14, with the exception of the book
4 format which, in this case, does. We believe
5 there is a bit of a dichotomy, sir, and that
6 is essentially reports such as the Hall-Dennis
7 and others indicate a great concern for individual
8 excellence, et cetera. It is our belief that
9 you cannot achieve that with just the conventional
10 book format, even if you have many copies.

11 The advent of the Resource Centre,
12 the Learning Centre, is one of the ways that
13 lets the child do much of his own study and
14 research. So, effectively we look forward
15 perhaps to more Circular 15 in the broader base
16 than in terms of Circular 14, because, while
17 we agree with its concept, it does not concur
18 with our material.

19 DR. JEANNERET: Am I correct in
20 this? You defined your materials as non-books
21 for technical purposes. This is probably true.
22 Having regard for the fact that the former
23 per-pupil grant for books to be purchased from
24 Circular 14 has been fused with the per-capita
25 pupil grant has completely changed the situation,
26 to what extent are you in any way inhibited
27 in selling your materials to the schools in
28 Ontario? Is it their free access to your
29 materials as far as the schools are concerned
30 if they are willing to spend the money on this?



1 Circular 14 ceases to be a factor in the decision
2 to purchase your materials. Is that not true?

3 MR. REID: No, that is not true.
4 For example, most of our marketing people are
5 asked, when they talk about a product "Is this
6 on Circular 14?". That is the first question
7 we are asked. If it is not, then they have to
8 give consideration, I assume, in their own
9 budgets to whether they acquire it.

10 DR. JEANNERET: If it is not
11 in Circular 14 because it is not a book ---

12 MR. REID: With the exception
13 of our book material.

14 DR. JEANNERET: Since it is not
15 a book, supposing it were a film you were selling?

16 MR. REID: The schools, in their
17 point of view, obviously have their own list
18 of priorities and in their priorities they are
19 obviously purchasing some of our material.
20 These would vary from school to school.

21 DR. JEANNERET: But if it were
22 film or cassette you were selling, sometimes
23 you do, you wouldn't expect it to be on Circular
24 14? It wouldn't enter into the decision to
25 purchase or not to purchase?

26 MR. REID: Nor would it enter
27 into our decision to produce.

28 DR. JEANNERET: This is a delicate
29 question: Have you any philosophy yourself
30 with respect to the variety of Circular 14 as it



1 has been administered in the past, and have you
2 taken any position with regard to Circular 14's
3 status in the future from a policy standpoint?

4 MR. REID: From the point of
5 view of Circular 14 we concur with the concept.
6 We believe essentially it has achieved its
7 objective and we will probably be publishing
8 materials in the coming years that will be
9 eligible for it but we will probably be publishing
10 a good number of materials that will not be
11 eligible for it. If I might, Dr. Jeanneret,
12 Circular 14 is important, moreso to those who
13 live in Ontario than anywhere else, obviously.
14 When we look at a market, we try to look at our
15 Canadian picture and, of course, there are many
16 variations across it. In the case of the end
17 product again, we try to look at the somewhat
18 larger world picture.

19 DR. JEANNERET: I am not going
20 to prove anything, Mr. Reid, but Circular 14,
21 as it has been administered, must have been more
22 an obstacle and hinderance to you than anything
23 else?

24 MR. REID: I would say that
25 Circular 14, the fact it has been there, has
26 cost our firm in 5-1/2 years, many millions of
27 dollars lost sales.

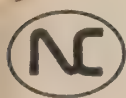
28 DR. JEANNERET: Those millions --
29 again, I am not making a judgment -- I am
30 asking a question: those millions would tend to



1 come out of monies that would otherwise, if they
2 had been available to you, would have come out
3 of monies otherwise spent on traditional books?

4 MR. REID: I assume that is
5 where they were spent and, if I might just deal
6 with the field of mathematics, in that it is
7 an area we have been in, ours were not eligible
8 for Circular 14 and therefore had a very nominal
9 sale in this province.

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1 We feel

2
3 DR. JEANNERET: By asking this
4 I don't mean this is a tragedy necessarily.
5 This is maybe what should happen.

6 THE CHAIRMAN: I think that we
7 have to sometimes, what we are doing, refresh
8 our memories about the fact that we have asked
9 people to come to make presentations. All of
10 the questions I ask you will be framed against
11 the background of that statement. I just want
12 to make an observation. It seems to me, you
13 suggested we might have difficulty with spelling
14 a particular word and I made a note to myself
15 to the effect that with all of the techniques
16 of education which are now deemed to be necessary
17 today as a result of a combination of John Dewey
18 and the electronic age in which we are I often
19 now wonder if people of my vintage are educated
20 at all. It is becoming a nice question but,
21 in any event, these things are all extremely
22 interesting and the individuality of the child
23 and the impact on the child, while it has
24 not really yet come up in these hearings,
25 in a specific or concentrated form, I can assure
26 you in response to your observation that one
27 of our prime concerns must be, is and will be
28 the impact of various ideas and approaches
29 and concepts on the children of Ontario. This is
30 a major part of our concern.



1 Briefs have not been directed in
2 this regard yet but we are vitally concerned about
3 it for obvious reasons.

4 Now, may I talk with you please
5 about your company? You were kind enough to
6 indicate that you would provide us with certain
7 financial statements which can be useful and I
8 would be obliged if they could be from the inception
9 of the operation of your company, if that would
10 be available. We would appreciate it.

11 Perhaps I can ask one or two questions
12 which relate to the ownership of your stock.
13 Is there any of the capital stock of your company
14 owned by Canadians?

15 MR. REID: No, sir.

16 THE CHAIRMAN: Is there any
17 opportunity, to your knowledge, for the acquisition
18 of any such stock by any of the employees of the
19 company, officers or directors?

20 MR. REID: All of our employees
21 have as one of the benefits of the IBM Corporation
22 the right to buy IBM shares on the same basis
23 as any other employee of IBM.

24 THE CHAIRMAN: And you can buy
25 those on the open market? I am asking about
26 this subsidiary company, SRA Canada Limited.

27 MR. REID: SRA Canada Limited
28 does not have stocks, shares, et cetera. It is
29 wholly-owned by our parent.

30 THE CHAIRMAN: Well, would you agree



1 with me that perhaps it does have shares but that
2 the shares are all owned by the American company?

3 MR. REID: There are shares, correct,
4 but, of course, each director -- and I, as
5 a director have one for voting purposes.

6 THE CHAIRMAN: From the parent
7 company?

8 MR. REID: Yes.

9 THE CHAIRMAN: There is nothing
10 wrong, I am just asking these questions. You have
11 said too that you have four directors who are
12 Canadian and one from the United States?

13 MR. REID: That is correct.

14 MR. CAMP: What is his position?

15 MR. REID: He is president of SRC
16 Inc. in Chicago, the U.S. director.

17 MR. CAMP: He is a member of your
18 board?

19 MR. REID: Of our board, yes.

20 THE CHAIRMAN: Is he Chairman of
21 the board?

22 MR. REID: No, Mr. B.F. Neery
23 is Chairman of the board and is also responsible
24 for the other world markets.

25 THE CHAIRMAN: In your original
26 capitalization, you can either indicate this
27 now or later, I was wondering whether you know
28 what your original capitalization was when you
29 started off here.

30 MR. REID: I do, sir, I would be



1 delighted to make that information available.

2 THE CHAIRMAN: And do you know
3 whether in addition to the capital that was put
4 in the credit of the parent company was used in
5 any way to assist in the on-going bank arrangements?

6 MR. REID: No, sir, we signed our
7 own bank arrangement. We have normal trading
8 agreements on inventory quite identical, I believe,
9 to every other company that is imported
10 be they a distributor or be they a parent or sub,
11 but our own banking arrangements are made by
12 ourselves with our banker without any signing
13 by anyone else.

14 THE CHAIRMAN: Well, then I hope
15 that indicates that you were fairly well
16 capitalized in the first instance. I daresay
17 that that is the case.

18 Do you have a catalogue of the
19 materials that you are offering for sale?

20 MR. REID: Yes, we do, sir,
21 I have one here.

22 THE CHAIRMAN: Could we have one,
23 please?

24 MR. REID: Indeed. This covers
25 the broad area. We have other specialized ones
26 but that is the major one.

27 THE CHAIRMAN: I am interested
28 at the moment in your volumes and percentages.
29 To what extent is the material which you have
30 shown as being manufactured and produced in the



1 States and imported, if you will, to what extent
2 does that represent the volume of sales of your
3 company at the present time?

4 MR. REID: Very substantial.

5 Again, I can provide the figures. As I mentioned,
6 five and one-half years ago we started out with
7 zero development. Although the indigenous
8 and international materials are starting to
9 become significant as a point of percentage
10 our exports have tripled over 1969 and they will
11 double quite likely in 1971 over 1970.

12 MR. CAMP: What you are doing
13 in some instances is re-export?

14 MR. REID: Very little, sir.
15 What we are exporting I would judge to be 99 per
16 cent Canadian-produced and developed.

17 MR. CAMP: But what you are
18 importing from the United States is basically
19 for this market in Canada?

20 MR. REID: That is correct,
21 with very rare exceptions.

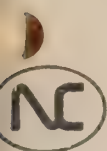
22 THE CHAIRMAN: Would you be able
23 to leave with us for our subsequent examination
24 this material?

25 MR. REID: Absolutely, glad to.

26 THE CHAIRMAN: We will be glad to
27 give you a receipt for it.

28 MR. REID: I can leave an order
29 form.

30 THE CHAIRMAN: In keeping with my



1 opening remarks and the furtherance of my
2 education I could probably sign one.

3 Now, you have shown us examples
4 of the material which you sell. That does not
5 exhaust your inventory of materials sold?

6 MR. REID: Would you like me to
7 briefly run over them? These are mere examples.

8 THE CHAIRMAN: I think we can do
9 this from the catalogue but of the material
10 which you offer for sale, for example, on
11 the Canadian market, how much of it is, to use
12 your word, indigenous? I know it is indigenous
13 but I want to get the other word -- native, if
14 you will, to Canada, in its production?

15 MR. REID: Native or domestic.
16 Obviously again going back to the fact that we
17 are five and one-half years young or old, as
18 the case may be, this is still small although it
19 is a growing area. I might also state at this
20 time that if you take what we are developing and
21 producing here and then also take what we are
22 manufacturing in Canada, it becomes a very
23 substantial figure and this again we will submit
24 with the data, sir.

25 THE CHAIRMAN: In terms of what
26 you are offering for sale percentage-wise at least,
27 how much of it is produced domestically?

28 MR. REID: This is still --
29 in terms of domestic production sir? What we
30 are offering for sale?



1 THE CHAIRMAN: In this catalogue.

2 MR. REID: How much is produced
3 in Canada?

4 THE CHAIRMAN: How much of this
5 that you offer in the catalogue is produced in
6 Canada?

7 MR. REID: Approximately 40 per
8 cent, sir.

9 DR. JEANNERET: Is that by sales
10 volume?

11 MR. REID: By gross volume, dollar
12 volume.

13 THE CHAIRMAN: If I may come back
14 to the volume, how much of the material offered
15 in this catalogue is Canadian-produced?

16 MR. REID: Canadian-produced in
17 terms of units, bags, boxes, barrels -- this kind
18 of thing?

19 THE CHAIRMAN: You have one item
20 offered here, grades 4 to 8 map and globe skills kit.
21 That is one item. How many of the items in this
22 large volume are Canadian? There must be a
23 thousand items. Are there 50 of them Canadian?

24 MR. REID: I don't have the exact
25 figure but I would judge between 50 and 75 items,
26 sir.

27 THE CHAIRMAN: How many items do
28 you think you have in the catalogue?

29 MR. REID: If you consider
30 component parts which gets down into it there are



1 many thousands but in terms of specific items that
2 are major selling units, we are talking probably
3 of the order of 200 to 250.

4 MR. CAMP: Mr. Reid, what you are
5 doing in your export program -- let me ask you
6 this: Do you compete with the parent company
7 in the same markets for the same products?

8 MR. REID: No, sir.

9 MR. CAMP: One of the things then
10 that is to your advantage, I assume, and accounts
11 for some of your export sales is the Commonwealth
12 tariff advantage?

13 MR. REID: Yes, sir.

14 MR. CAMP: In other words, the fact
15 that you are selling American imported products
16 or Canadian products from this market to the
17 Commonwealth, let us say, gives you a competitive
18 advantage which the American company would not
19 enjoy?

20 MR. REID: That is correct,
21 Mr. Camp. First of all, the U.S. company is
22 concerned only with the U.S.A., as far as their
23 marketing area is concerned. Essentially while
24 our worldmarket organization is not yet complete
25 Canada, as we have indicated in the brief, attempts
26 to market and service such areas as the Bahamas,
27 Caribbean, part of Latin America, et cetera and
28 there are other sister subsidiaries who are major
29 customers of ours who attempt to look after, to a
30 degree, the African market and the South Pacific



1 market.

2 MR. CAMP: Could I ask you the
3 percentage of sales that you enjoy in the
4 Commonwealth countries?

5 MR. REID: I don't have the
6 exact figure but I will get it for you.
7 In the Commonwealth countries it is becoming
8 a very significant figure.

9 MR. CAMP: I was putting in a
10 plug for the Commonwealth.

11 DR. JEANNERET: Your position
12 internationally with respect to tariffs must be
13 vastly different from that of a merchandiser of
14 educational printed materials. In other words,
15 you would have a totally different tariff cost
16 structure than the publisher of editions of
17 books, generally speaking?

18 MR. REID: I am not aware of any
19 basic difference.

20 DR. JEANNERET: Would the Florence
21 Agreement ratification, for instance, by Canada,
22 give you free entry of your materials into Canada,
23 generally speaking? I don't mean necessarily
24 a per cent but I mean generally speaking.

25 MR. REID: There would be some
26 advantages.

27 DR. JEANNERET: I think it would be
28 very useful, Mr. Reid, if you would just tell us
29 briefly a little bit about what goes into research
30 and development. You are thinking, I am sure,



1 in terms of things that have happened before,
2 we call it the design and physical production,
3 you are talking about a relationship with
4 creative people, professional creative people
5 which is a little different from the relation
6 which exists between the publisher of editorial
7 materials and book authors.

8 Very often in the latter case,
9 especially in the trade field as we know, the
10 materials are submitted as manuscripts written
11 on spec and submitted on spec to the publishers.
12 Textbooks, it is true, are often publisher guided
13 and directed. How does it work with you?
14 How many people does it involve and so on?
15 If you would not take an extreme but take a normal
16 case of development, in your field you must know
17 of a lot of people who do a lot of experimenting
18 in order to get at a sound statistical base
19 for what you are going to claim for your product?

20 MR. REID: Well, there are many
21 commonalities with perhaps with the book but there
22 are also a number of exceptions. We have
23 materials come to us both in the idea form which
24 is normally still in the head, if you will. Other
25 people come to us with very rough mock-ups of
26 ideas that they would like to do. Still others
27 come with what you might call a working model
28 or prototype.

29 DR. JEANNERET: What do you do
30 with those?



MR. REID: First of all we take
a look at it from the point of view of our
marketing and developing people and try to
determine, does this fit into our general theme
of thinking? In other words, essentially is it
good for kids, what is it going to do?
And when we look at this material we then try to
visualize it in some final form. I think the
word is conceptualize but it is still trying to
look at it in the final format.



1 Then we say to ourselves, if
2 we had that product in format such, how
3 many units could we market in the next five years?

4 DR. JEANNERET: Who is "we"?

5 MR. REID: Myself, essentially,
6 and the development and market people.

7 DR. JEANNERET: The decision to
8 publish might be made in your Canadian company?

9 MR. REID: Would be made. We
10 then look at the product from the point of view
11 of the prototype and if we can determine that
12 there might be X-number of units that could be
13 sold, looking at statistics, et cetera, looking
14 at market research in the rough term, and then
15 we sit down and figure what our costs would be
16 to produce that to final stage, would we break
17 even then in year 5, 2, or whatever? We might
18 also, in some cases, have at a limited cost,
19 some mockup material we could perhaps test.
20 Much of this I test personally in the classroom.
21 I travel up to 100,000 miles a year and visit
22 many, many thousands of classrooms, or have over
23 the years. We try to get a feel for it.
24 After all the numbers are in, we try to take
25 a look at the Commonwealth picture and the U.S.,
26 if there is an additional market there which
27 we would like to know about. We get the feelings
28 and the comments. And then, when the data
29 is all weighed, we make a decision to publish
30 or not to publish. In the case of this product



1 (indicating Exhibit A), after we made the
2 decision, which took a lot of thought and
3 consideration, we immediately had some sample
4 prototype material developed, the market reaction
5 in the field, and, as a result, significant
6 modifications were made before the final work
7 came out that we think were better.

8 DR. JEANNERET: To what extent
9 have you been involved in this accountability
10 approach to education in the escalation of
11 educational materials? That is to say, I know
12 you have contracted with, or entered into agreements
13 with Boards of Education and their equivalent
14 to put on programs through a whole system. To
15 what extent have you, either here or perhaps in
16 the United States, entered into agreements where
17 the contract calls for you to prove achievement,
18 presumably, to be compensated? Have you
19 been involved in this? It is a very interesting
20 development.

21 MR. REID: It is one we are
22 watching with much interest. First of all, in
23 the terms of contracting, the only contracting
24 we have done is professional services involving
25 people where we have brought in speakers in
26 wide varieties of areas. We do not contract
27 with any school boards from the point of view
28 of guaranteeing to raise anything to any point.
29 We, essentially, are curriculum materials people,
30 not in the personnel business, in spite of some



1 of the press reports, we are not in the contract
2 business in the U.S. either, with the exception
3 of the job corps which our parent had some years
4 ago on the east coast. While we watch this with
5 much interest and much excitement -- I might
6 say we have been asked on a number of occasions
7 would we consider this kind of thing, our
8 view is still that we are developers of
9 curriculum materials and not in the personnel
10 field.

11 DR. JEANNERET: Fundamentally,
12 you are avoiding it as a matter of policy of
13 the traditional book publishing?

14 MR. REID: In terms of format
15 I suggest physically that is as traditional
16 as you can get in that there are two covers
17 (indicating Exhibit C). If I might suggest,
18 from the point of view we want to know what it
19 will do with, to and for the child, we do not
20 determine the format until we find out what
21 the objectives are.

22 DR. JEANNERET: It is improbable
23 you would be issuing a dictionary or basic
24 reference works in the traditional sense. I
25 want to be clear that you are definitely working
26 outside normally the traditional fields?

27 MR. REID: I would suggest a
28 dictionary would probably be our highest priority
29 by any means.

30 THE CHAIRMAN: I have been looking



1 at the catalogue which I find extremely interesting.
2 I take it you offer all of these materials for
3 use in Canadian schools, this is the objective
4 of your company?

5 MR. REID: Yes.

6 THE CHAIRMAN: Could you tell me
7 how the sales of material under the social
8 science lab units, Grade 4, 5 and 6, have been
9 going?

10 MR. REID: Yes. First of all,
11 this concept is one that is perhaps new, if
12 you would. It is an entire breakaway from the
13 old story of social studies as perhaps we
14 know it, and it is taking a look at attitudes,
15 opinions, how we develop biases and this sort
16 of thing. I would suggest that there has been
17 a great deal of interest and probably one of
18 the leaders in this area has been the Province
19 of Alberta, where they have authorized, listed,
20 if you would, what-have-you, the materials that
21 have moved forward. There have been other
22 pockets of educational units across Canada that
23 have experimented with it and they are experimenting
24 with it.

25 THE CHAIRMAN: So what is your
26 general reaction -- what about Ontario, how have
27 the sales been going here?

28 MR. REID: Modest. We have
29 been looking at that naturally from the point
30 of view, is it an area of interest that we should



1 launch into our own -- "own" being indigenous.

2 THE CHAIRMAN: All right. I am
3 wondering if your firm or its parent firm -- for
4 example the social science laboratory units
5 4, 5 and 6, have you ever considered the
6 Canadianization of this material?

7 MR. REID: Yes, we have looked
8 at this from the point of view of should we or
9 should we not, and I think that, while we were
10 doing the looking, Alberta came along and
11 felt that it was adequate in their right
12 in the curriculum division as is. When we have
13 any product introduced by our parent, we look
14 at it, obviously, to see what are the potentials.
15 In other words, is it something you should
16 start from scratch or is it suitable or could
17 be amended. In the case of reading laboratories,
18 I suggest there a very major revision was done.

19 THE CHAIRMAN: I wonder about
20 this because this catalogue indicates that all
21 the material that is produced in the United
22 States by American professors, almost all of them
23 are at various universities there, and the simulation
24 games which are shown, their government simulation
25 series, history game, role playing, America Land
26 of Change, Graph and Picture Studies of America,
27 Promise of America, American government simulation
28 series -- in other words, it is really totally
29 an American presentation.

30 MR. REID: The material you have



1 alluded to is in our catalogue to make available
2 to our customers. The majority you have listed
3 in the last couple of moments would probably
4 represent less than \$10,000 sales a year.

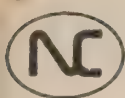
5 THE CHAIRMAN: You told me you
6 are interested in the impact on the child and
7 his culture and now you are talking strictly in
8 dollar terms. Now, surely there has to be
9 some measure taken of both of the interests
10 and fortunately, or unfortunately, I am not sure
11 which. We are here to examine those aspects
12 and I am really trying here to get a reaction in
13 relation to this particular material, but
14 essentially your firm, as you put it to us,
15 is making an effort to produce some indigenous
16 material and, at the same time, merchandising
17 material which has been produced by the parent
18 organization in the States.

19 MR. REID: Plus multi-national
20 as well. I might refer you to page 8 under
21 Item D. We are working at this time -- we
22 have not published this, but we are working
23 in the Canadian social science area.

24 THE CHAIRMAN: I think I speak
25 for my colleagues too. We would encourage it.

26 MR. CAMP: How would the Province
27 of Alberta have taken up that material if it
28 is American history?

29 MR. REID: At fourth, fifth and
30 sixth grade, I doubt it. This is more social



1 science than history as such.

2 MR. CAMP: Do they study American
3 government in Grades IV and V?

4 MR. REID: Material in Canadian
5 social science is not really a study in
6 government. I don't have it here to show you,
7 but essentially it is not. The titles that Mr.
8 Rohmer listed are other materials over and above
9 the social sciences.

10 MR. CAMP: I am just trying to
11 find out if it was sold in Canada, it seemed to
12 me it would defeat the purpose of assisting
13 instruction of American government.

14 MR. REID: And comparative
15 study.

16 THE CHAIRMAN: With great
17 respect, I am being very careful here because,
18 if you are going to tell us in this material,
19 which is in this catalogue, there is an examination
20 on a comparative basis of other governments --
21 is that what you are saying?

22 MR. REID: I didn't say that.
23 I said it may be used for that purpose.

24 THE CHAIRMAN: It may be used
25 for that purpose.

26 MR. REID: I may also suggest --
27 perhaps we are into semantics ---

28 THE CHAIRMAN: I very rarely find
29 any documents which emanate educationally from
30 the United States in relation to American government,



1 have ever any comparison with any other government.

2 MR. REID: If I might, on a
3 point of semantics, we are talking social science.
4 We have a program called The Social Science Lab
5 Units. The term "social science" is also
6 generally attributable to other fields, including
7 the other material you have suggested, though
8 I don't wish to get into that.

9 THE CHAIRMAN: I think, really,
10 our concern is this, at least as I see it:
11 The efforts which are being made to merchandise
12 well prepared material, whether prepared in the
13 United States or Canada, certainly is an effort
14 which has been going on for quite some time,
15 and it is generally accepted. Of course, what
16 we are called upon to look at is the very thing
17 you point up, the question of impact, the basics
18 that are involved. We are not here to criticize
19 or do anything else, but we do have the obligation
20 to inquire and I must say, we find some of
21 this material extremely interesting. It is the
22 first time, I suppose, any group has been called
23 upon to examine this kind of situation, particularly
24 in education in this form. It is very
25 interesting.

26 MR. REID: I might add that if
27 there is anything additional you wish to have,
28 it certainly is available.

29 DR. JEANNERET: I presume any
30 statistics on the relative apportionment of funds



1 to print traditional print media and -- I don't
2 want to say non-print media, because this is
3 quite inaccurate -- but to learning materials
4 of this kind these statistics will have to be
5 searched for elsewhere.

6 MR. REID: You mean public
7 statistics?

8 DR. JEANNERET: Yes.

9 MR. REID: We have trouble trying
10 to find, in other words, what is the market.
11 There are some things out now that are partially
12 there. Frankly, Dr. Jeanneret, I am sure you
13 are aware of this but we would like to see good
14 data on this. It would help in making
15 publishing decisions to publish in an area.
16 This is much more readily available in some of
17 the other countries than it is in Canada.
18 It is a question of not being compilable.

19 THE CHAIRMAN: Thank you very
20 much, Mr. Reid. Your presentation is very
21 interesting.

22
23 ---Recess

24
25 SUBMISSION OF THE CANADIAN WRITERS' GUILD

26
27 THE CHAIRMAN: We now have with
28 us Mrs. Pomer of the Canadian Writers' Guild.

29 Mrs. Pomer, would you be kind
30 enough to touch on the high points of your



1 brief? I will now let you proceed.

2 MRS. POMER: Thank you. The
3 Canadian Writers' Guild is a very new association
4 of writers.

5 THE CHAIRMAN: I wonder if you
6 could pull that microphone a little forward
7 to you?

8 MRS. POMER: I think it was born
9 about 3-1/2 weeks before the first deadline for
10 submitting briefs to you. Our emphasis, of
11 course, is on the, primarily the problems of
12 the new writer getting into print.

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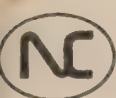
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1 But I would like to refer to some of the remarks
2 in our introduction and they apply to your question
3 yesterday as to whether the publishing industry
4 is an industry like any other.

5 There is a feeling ranging from
6 distaste to horror, I think, about the use of
7 public funds to subsidize any one group or any
8 one industry but I think we are not being
9 entirely honest because society decide on the
10 things that are essential to it regardless of
11 the cost and, of course, we underwrite all sorts
12 of things in all sorts of ways, some of them
13 openly and some of them hidden and if one of these
14 essentials has to be protected we protect it.
15 We decide that we have to have an airline or
16 a railway or certain other things and the central
17 issue, of course, is whether the book publishing
18 industry comes under this category. Of course,
19 in some ways it is a business like any other,
20 you have to have a market and you have to promote
21 and there is no reason why it should be inefficient
22 or slack or stagnant.

23 But, also, I think that the printed
24 word is a very essential factor in our sense
25 of identity. We all talk about Canadian culture,
26 we all talk about the Canadian consciousness and
27 identity, and I know it is there, we all know
28 it is there. Really, what I wonder about sometimes
29 is why we are so confused as to what it is or
30



1 whether it is there or not and I think the reason
2 that we are confused is that we don't have any
3 images of ourselves. From the time that we are
4 first educated, from the time we first are exposed
5 to visual images, to the images in print, we
6 have seen either British and/or American people
7 doing things, being out in the world and it seems
8 to me that the only explanation for the fact
9 that we are not aware of what we have here is
10 that we are just not accustomed to thinking of
11 ourselves in terms of our place in the world.

12 It has recently been discovered,
13 for example, that the very important element in
14 the way in which the Negro population of the States
15 sees itself has been the result of the fact that
16 it never met itself in print in any of the Dick and
17 Jane books. The Indians had a similar problem,
18 they were bombarded with a culture and they lost
19 their sense of self-esteem and self-respect and
20 the feeling of identity and self-worth becomes
21 watered down and I think you just can't have
22 a sort of international system without this initial
23 sense of self-worth and I think that publishing the
24 printed word is a vital factor in this. That
25 is why I think it is important for Canadian to
26 have an indigenous publishing industry publishing
27 all kinds of things. There are some very
28 obvious things like the educational field and the
29 fact that one of the things we do have that is
30 quite individual is the way we look at the world



1 and being swamped with textbooks and ideas and
2 thoughts of other countries is going to have an
3 effect on the children in the system now.

4 Apart from that I would like to get
5 on to the problem that a new writer faces in
6 Canada in getting his work into print. The
7 new writer is in a particularly vulnerable position
8 because there is so little publishing being done
9 here and you heard yesterday that it took two and
10 a half years for a manuscript to gain acceptance
11 although every publisher who saw it thought
12 that it deserved to be published. Even then it
13 was published by the House of Anansi which is a
14 small company.

15 Then, there are manuscripts that
16 perhaps not every publisher will feel should
17 be published. Mrs. Walker of Windemere said
18 you have to have trash before you have M*A*S*H,
19 and it applies to writing. I agree with her.
20 I think one of the failures of our public bodies
21 so far in our grants to writers is that they
22 understandably have to be careful with what they
23 do with the public funds and they are not in a
24 position to spend these funds on people who
25 may or may not have a good book or be a good
26 risk and I think that you have to publish all kinds
27 of things and there has to be a general climate,
28 a general feeling for the writer that he can get
29 his work into print if he writes it, I mean
30 that he has a chance. I don't mean naturally that

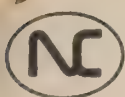


1 every writer that writes anything ought to be
2 published but there has to be some kind of an
3 incentive, some kind of feeling, that he does
4 stand a chance.

5 As I pointed out in our first
6 suggestion the publisher with so little money at
7 his disposal is far less likely to risk it on
8 an unknown writer. If he has a choice between
9 that and a second book by a writer that he already
10 knows, he is far more likely to publish the second
11 book by the writer he has already known and
12 we therefore feel that there might be certain low
13 interest funds or there might be some source of
14 funds set aside specifically to encourage
15 publishers to publish manuscripts by new authors
16 of merit.

17 I think that the promotion of this
18 work is equally important. I do know of a case
19 where a book was published indeed and people out
20 west asked for it in the book store and it was
21 not there, it was sitting on the warehouse shelf.
22 I think the marketing end of it and the publicizing
23 end of it are perhaps more like any other business
24 but I think that publishers, whether they are
25 strapped for funds or whether they are just not
26 accustomed to working on display, would have to
27 have some encouragement to make promotion and
28 distribution an integral part of the book package.

29 There is another point I would like
30 to make and that is the position of a new writer



1 with regard to contracts with the publisher,
2 even if he is in the fortunate position of having
3 his manuscript accepted. This varies so much from
4 author to author and some of them naturally have
5 a stronger bargaining position depending on who
6 they are and what they have got but I also think
7 that it is a question of temperament. You
8 know, not every writer is a high-powered salesman
9 and they are often quite quiet and defenceless
10 and I do think they need some protection. I
11 mean I think that two manuscripts that might have
12 equal possibilities, the authors might be given
13 quite considerably different contracts by the
14 publisher, depending really on the ability of
15 the author to bargain. I am not so sure that is
16 fair.

17 Did you want me to go into some
18 of the suggestions that I have made? There
19 is one about the educational field. I remember
20 in grade 10 we took a group of essays called
21 Persian Pictures and I can't remember any'
22 book that was as dull as that and I hope those
23 kinds of things are not on the English list today
24 but I would like to suggest that there is at
25 present enough good Canadian writing, poetry,
26 prose non-fiction that should be drawn into at
27 least the reading list on the courses. I don't
28 know why we are so afraid we might be giving
29 some sort of kudos or recognition or status
30 but we seem to shy away from this, both in the



1 performing arts and in writing. There is no
2 reason this writing is on a level with anything
3 else except the very sort of --

4 MR. JEANNERET: You are speaking
5 of the secondary school literature course, are you?

6 MRS. POMER: Yes. I really think
7 much more of this could be done and it may be
8 a matter of making the teachers more aware of what
9 there is and that could be acceptable and could
10 be used -- just making them more aware of what
11 we are producing because in the last few years
12 we have produced quite a lot which would be quite
13 usable and would, as I say, give the students
14 a chance to learn themselves as well as all the
15 pictures they see of everybody else in the world.

16 I don't know if I have anything
17 more to add unless you wish me to talk about
18 my suggestion for the two-cent tax per book at
19 the publisher's level. It was just a thought
20 that this might be a source of funds, a kind
21 of tax on books not produced in Canada but sold
22 here.

23 DR. JEANNERET: I would ask a
24 question on that. That is a pretty radical
25 proposal but I would ask you whether or not it
26 would be consistent with the Florence Agreement
27 which Canada has not ratified but which Canada
28 keeps getting ready to ratify.

29 MRS. POMER: I am not sure that
30 I am really qualified to go into that sort of thing.



1 I know that the copyright agreement --

2 DR. JEANNERET: This is a trade
3 agreement to reach the flow of books and anything
4 in the nature of a discriminatory tax in any
5 country is absolutely prohibited.

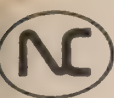
6 MRS. POMER: Well, this would be
7 free flow from Canada to other countries
8 and back.

9 DR. JEANNERET: The agreement would
10 give free access to foreign materials to this
11 country insofar as tariff barriers or any kind
12 of special sales tax et cetera is concerned.
13 I only raise it to see if you wish to discuss it
14 in principle.

15 MRS. POMER: It might not be
16 necessary. It was just a suggestion because it
17 was thought there were barriers. I know some
18 of them wanted Canadian authored books lifted
19 fairly recently and perhaps not recent enough
20 to really make a push of exporting Canadian-
21 produced books to the States, but that is a
22 fairly recent thing. If this were to be a free
23 flow back and forth I don't think perhaps such a
24 tax would be necessary provided that our publishers
25 had the capital to push and distribute their
26 books in the States, Britain, Australia and
27 in any of the English-speaking countries.

28 MR. CAMP: Are you an editor,
29 Mrs. Pomer?

30 MRS. POMER: I have been free lance



1 editing manuscripts and books for people on a
2 kind of word of mouth basis for the last two years.

3 DR. JEANNERET: You mean a literary
4 agent?

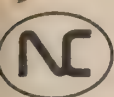
5 MRS. POMER: No, I am not a
6 literary agent, I have done editing at various
7 stages.

8 MR. CAMP: Are you a reader?

9 MRS. POMER: No, I am not a reader
10 with any of the publishing companies. It is
11 actually people who are now involved in this
12 guild who have brought manuscripts to me at points
13 where they were in need of editing. In some cases
14 it has been a fairly finished product and in
15 one case it was a book in really a rough draft
16 form which I worked on to bring to the point where
17 it could be sent around to the publisher.

18 MR. CAMP: Do you find your judgment
19 reasonably consistent with that of the publishers?

20 MRS. POMER: I haven't been at it
21 long enough to really know and I am not sure that
22 the publisher's judgment is always right. We
23 all know stories of that, where writers have a
24 kind of instant success and then later say they
25 send around to six publishers who refused it first
26 but I do think that there is not enough breadth,
27 not enough range, you see, here. I can think of
28 some of the things that are not major and not
29 literary works but are perfectly good books in their
30 own right which really do not have the least chance in



1 Canada. Frankly, it would often be in the interest
2 of the writers of such books to take the book to
3 the States or to an American agent or to a
4 British agent and try to get it published there,
5 but, of course, in some cases the book is not of
6 a kind of universal appeal and then he would not
7 have a chance.

8 DR. JEANNERET: The agents exist
9 to protect competent authors from predatory
10 publishers, I do think.

11 MRS. POMER: There are not many
12 in Canada.

13 THE CHAIRMAN: There are many
14 predatory publishers.

15 DR. JEANNERET: And agents.

16 MRS. POMER: I suppose the agents
17 can be predatory too. I suppose that is possible.

18 MR. CAMP: I am just asking because
19 I think you have the same dilemma. You say there
20 would be few benefits from a tightly closed over-
21 protective publishing industry because that would
22 make it, as you say, a small exclusive club and
23 then you go on to say that you are convinced that
24 it is important there be control of the publishing
25 industry to be in Canadian hands and then you
26 suggest that we do this by providing firm
27 ground rules and insist on Canadian control.
28 I am a little hung up here on just where we are
29 and what you are getting at.



1 MRS. POMER: I think the part
2 about the small kind of stagnant and exclusive
3 club is self-explanatory. The Canadian control,
4 you know, I am afraid I feel it is your job to
5 decide what that should be, but it could be
6 controlled by a board, that is, it might be
7 controlled by government. It could be ground
8 rules about the percentage of indigenous works
9 that a foreign subsidiary must produce, you see,
10 or it would simply -- I mean, it seems to be
11 also self-evident that to allow control of the
12 industry by outside interests, however that
13 control is attained, whether it is straight
14 buying power and then the restrictions, but the
15 ground rules, I mean whatever measures or steps
16 would be considered necessary to see that
17 native publishing is encouraged.

18 MR. CAMP: So, when we get to
19 your recommendations, when you talk about
20 publishers, for example, "We suggest publishers
21 should be offered grants," we should read the
22 Canadian publishers?

23 MRS. POMER: Not necessarily,
24 unless -- I think the ground rules for control
25 could be quite separate. I think their parent --
26 there are grants for new, unknown writers and
27 whether that would work best in the kind of
28 common pool from which any publisher who saw
29 a manuscript by a new writer might feel encouraged
30 to produce it or whether it should just be -- I



1 haven't really gone into any of the small publishing
2 houses, you know, their predicament is the most
3 sort of acute one but I ---

4 MR. CAMP: You are primarily
5 concerned with the writers?

6 MRS. POMER: Yes.

7 DR. JEANNERET: You are not
8 interested in subsidizing mediocrity first?

9 MRS. POMER: I don't think we
10 have guarded too well against that. I don't
11 think we should subsidize mediocrity in the
12 business or in the individual. Any time that
13 I have mentioned new writers I have mentioned the
14 writers of merit so presumably I believe there
15 would be some judgment executed on the part of
16 either the publisher or someone else and I
17 would not suppose the grants that would be offered
18 and the pool of money that would be offered
19 would be so very generous that publishers would
20 immediately start to publish any and all
21 manuscripts that came their way.

22 MR. CAMP: To use that phrase
23 once more, trash comes before M*A*S*H?

24 MRS. POMER: You have to have
25 trash before you can have M*A*S*H. I think that
26 was Mrs. Walker's phrase, and I was kind of
27 struck by it.

28 THE CHAIRMAN: Mrs. Pomer, I
29 have been intrigued by some of these things and
30 certain bells ring on certain things you have



1 said.

2 In your brief on page 3 there is
3 an idea which I consider to be one of the
4 best suggestions. The suggestion is:

5 "What we hope the Commission
6 will achieve is a formula which
7 encourages fresh ideas, fresh
8 techniques and fresh capital
9 to revitalize the industry."

10 I think, as a member of this Commission, I have
11 come to the point where I really hope that
12 the industry will start to produce fresh ideas
13 during these hearings. During the last week
14 we have heard really, a petition of the problems
15 in the publishing industry and copyright. I think,
16 I for one, because we are going to continue with
17 these hearings, I would encourage people to
18 come forward with ideas that might be mind-blowing
19 or, to use Dr. Jeanneret's expression "radical".
20 Let us get some of these ideas and let us not
21 leave the onus on the three of us. We are
22 prepared to make recommendations which people
23 will consider a little different, and we have
24 already done so. I am going to say the idea
25 that we should have some fresh ideas -- that is
26 your idea and it is a good one.

27 Now, because I tell you the
28 problems are there. You know, I think -- I am
29 just doing a little thinking because I feel this
30 way -- you mentioned status, reluctance to give



1 status. One of the fundamental difficulties
2 in Canada, I think, is that we are reluctant to
3 give anyone in our own country any kind of
4 status. We are the best credential examiners
5 in the world and you want to find out a man's
6 background and history the first qualification is
7 is he a foreigner, and then he is qualified.
8 I am giving you a reaction, but I am one of those
9 who believe that we have in this country some
10 of the best brains in the world and we have
11 to start giving them a little respect.

12 Now, what is it that we can
13 recommend to nurture a new writer? The old
14 writer was once a new writer. How do we nurture
15 these even if we have to back into the assistance
16 of perhaps subsidizing mediocrity? Subsidizing
17 mediocrity is subsidizing the standard perhaps.
18 The average guy is an average guy. How would
19 we do this? What is going to be recommended
20 to us by writers -- you know, don't be concerned
21 about saying what you might think might be done.
22 Should we set up a scheme whereby or recommend
23 a scheme whereby, if a fellow writes a book
24 or a girl writes a book, and he gets published
25 and that automatically means grants or subsidies
26 from somewhere to write another one? I don't
27 know. Who is going to administer these?
28 I don't ask you to respond, but do you think,
29 I will ask you this: Do you think that the
30 writers of Canada, the new writers as well as the



1 old, ought to have fundamental and perhaps new
2 means of public support and encouragement to be
3 creative and to be active.

4 MRS. POMER: Yes, I do, because
5 I think the writer, like the painter or performer,
6 it is related in some ways. I think it is as
7 important for him to see himself in print as to
8 actually earn money. I mean, they are, of course,
9 both people. Most of the members of our
10 Guild are people who earn their living in
11 some other way, although in some cases it is
12 in a related field like publicity work or
13 promotion for a large company, that is, they
14 are actually writing, but you know, they are
15 not writing things to be published. It is in
16 the nature of their job and they are not asking
17 anyone to feel sorry for them on that account.
18 If they work all day and slug at the typewriter
19 at night and on the weekends. The point is that
20 it is important for them to see themselves
21 in print, important for them to feel they have
22 a chance to get into print. Naturally, standards
23 are necessary. I just feel, when one talks
24 about mediocrity that our standards have been
25 sort of unnecessarily high, so high that you
26 don't encourage the kind of underbrush and
27 undergrowth from which the giants kind of, you
28 know, emerge. That is all. I would think,
29 yes, a certain amount of money available for
30 a first manuscript and after that, I don't mean

1 that the writer is on his own, but he has at
2 least had a chance and what happens as far as
3 getting a grant for a second, that would depend
4 really on the judgment or assessment of his first
5 work which would have to meet a certain standard
6 in the first place to be published and acceptable
7 to be published. I certainly feel with the
8 publishing industry at present, there is just
9 a little money available to take this kind of
10 a chance. There is not enough money for the
11 things publishers consider good. There certainly
12 isn't enough money for anything they are not
13 sure is good and they are not always right.

14 THE CHAIRMAN: Thank you very
15 much, Mrs. Pomer. Your presentation was very
16 interesting.

17
18 SUBMISSION OF PENDRAGON HOUSE

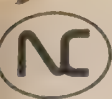
19
20 THE CHAIRMAN: Mr. Badger, thank
21 you for appearing before us. I wonder if you
22 could proceed, please, and hit the high points of
23 your brief? We have read it and found it very
24 interesting.

25 MR. BADGER: Thank you. Perhaps
26 if I could just recapitulate the proposal
27 which we would like to make to you?

28 THE CHAIRMAN: Yes.

29 MR. BADGER: The problem of the small
30 publisher in Canada is really in relationship to





1 the bank. For example, in January two American
2 book clubs in Canada were in need of financial
3 assistance because of the expense of the operation.
4 I went to my bank and, you know, after the initial
5 shockwave that passed visibly through this man's
6 frame, and he had spent eight days consulting with
7 his superiors, I got the loan. Consider what
8 would have happened if I had approached him for
9 even half that sum of money to publish a book of
10 poetry! Well, you can't blame the man. His
11 problem is that he has a margin of error allowed
12 him of one-half of 1 per cent. Terrible
13 things happen in his career if he violates that
14 one-half of 1 per cent, so I think we have to
15 realize that when we walk into the bank and ask
16 for a loan, we are not people: we are a set
17 of numbers. In the case of a small publisher
18 the numbers are inadequate. The banker sees
19 you as a man who, presumably, knows something
20 about this business, who has some people working
21 for him or with him who know something about it,
22 who has remarkably little gear in the way
23 warehouse, furnishings and plant. This is very
24 important in Canada. It is a raw materials
25 resources country rapidly becoming a manufacturing
26 country and if, for example, my volume is still
27 small but healthy, if I were operating a plant
28 grinding rock, I could get a loan much more
29 easily from the bank than I can because with my
30 volume processing is just on paper.



1 One of the things the banker
2 has to judge by is your net worth. He adds
3 up his impression of your volume, your sales
4 volume, his impression of your costs, the value
5 of your gear, your forklift truck and any kind
6 of lift truck you might have, and wooden boxes
7 that you keep your books in, the electric
8 typewriters and all the rest of the nonsense,
9 and he adds up the difference between the
10 assets and the liabilities and if you are
11 very lucky, you get a loan.

12 Now, if this is the system -- if
13 we were here only to discuss working with this
14 setup, it seems to me that the trick to do is
15 to increase the net worth of the publisher. One
16 of the big things which depresses a banker on
17 reading the publisher's shabby balance sheet
18 is the fact of the rent. Rent is a liability.
19 Now, if we could get the publisher into a
20 position in which he has a stake in his office
21 or his warehouse so that he was making a mortgage
22 payment, rather than a rent payment, then his
23 net worth would be increased by his accumulating
24 equity in his real estate. This, from a banker's
25 point of view, is important. It is not important
26 from the public's point of view and it is not
27 really important from the banker's point of
28 view because you didn't get into the business
29 to accumulate real estate but to publish ideas.
30 It is important to the man who holds the purse





1 strings on the whole venture. What I have
2 in mind is to see whether the Ontario government
3 itself, which owns many buildings, may have
4 some somewhere among them, a white elephant
5 they would like to get rid of and a building which
6 could be converted into office suites and
7 warehouse space for a variety of small publishers,
8 so that a publisher could -- perhaps you could
9 put a limit on it -- a man of a net worth of,
10 say, a quarter of a million dollars or whatever
11 you want, he could get in there for some
12 ridiculous fee of \$1000, \$5000, \$10,000, whatever,
13 and actually own or lease his office suite.



1 Then, at least that part of his rent becomes
2 converted from the wrong side of the balance
3 sheet to the right side, into the black from the
4 red. Perhaps he and the other publishers in that
5 building could further depress their costs by pool-
6 ing, such things as forklift trucks and
7 industrial garbage disposal, the purchase of the
8 cardboard that we need to wrap up books,
9 accountancy services and so on.

10 Now, the result of all this would
11 be that if the Ontario government would (1) pro-
12 fitably get rid of the white elephant by selling
13 it to its tenants but more important the
14 publishers would be in a stronger position to
15 convince a bank that they have a realizable
16 net worth and, therefore, could get money
17 more easily with which to publish books.

18 Those, basically, are my proposals.

19 THE CHAIRMAN: You don't think the
20 white elephant would be converted into a pink
21 elephant or red elephant?

22 DR. JEANNERET: I just make one
23 observation and that is, that it seems to me
24 that this is exaggerated a little in your
25 proposal, Mr. Badger, related to the cost of
26 carrying an inventory which is a publisher's
27 nominal first problem. I don't say that in
28 a critical way on your proposition.

29 MR. BADGER: I agree the cost of
30 inventory is a much more important factor. All



1 I am trying to suggest here is to suggest a small
2 reform which is relizable rather than a difficult
3 one that may not come in our time.

4 I have another observation to make
5 in a different area of publishing if you would
6 permit me to go ahead with it and I didn't put
7 it in my brief because I didn't think of it
8 until afterwards.

9 THE CHAIRMAN: Before you pass on
10 to that. You have touched on a point that
11 really almost everybody who has appeared and talked
12 with us has touched on and that is the inability
13 to obtain capital. I sometimes wonder whether
14 because of the lack of competition between our
15 banks and the banking system we have in the
16 country and the very few of them that exist,
17 perhaps they would be more inclined to make
18 capital available if they were competitive in the
19 same way the banks are in the jurisdiction to
20 the south of us. However, that is merely speculative
21 thinking.

22 The lack of competition that
23 we have among our banks is certainly something
24 which has concerned people for quite a while.
25 It has not impinged upon their profitability.

26 MR. BADGER: I have one thought.
27 Perhaps the Canada Bank Act could have an amendment
28 of some kind so that the government perhaps could
29 guarantee loans that would be made to people who
30 put out creative work -- theatrical impressarios,



1 publishers, film makers and so on so that the
2 banker, while continuing to exercise a sometimes
3 beneficial discipline over the creative type
4 could at the same time be a little bit more sure
5 of getting his money back and would be perhaps
6 a little more loose with the pursestrings.

7 THE CHAIRMAN: I wonder if you
8 would touch on your next point, Mr. Badger?

9 MR. BADGER: Yes, surely. Well,
10 you know we have just set up two little Pendoragons,
11 one in the United Kingdom and one in the United
12 States and their prime object is to sell Canadian
13 books abroad. We just went ahead and did this
14 on our own, not realizing when we originally
15 made the plans for it and began doing it that the
16 issue had as wide an interest as we now learn
17 that it does have. But the thing is that we
18 have produced, for example, these lists like this
19 one about books of the west, Ontario government
20 books and so on. We now have representation
21 in the U.S.A. and in the United Kingdom for
22 McClelland & Stewart, Peter Martin Books the
23 Ontario Government, the New Brunswick Bress of
24 the Maritimes, the Institute of Applied Art of
25 Alberta and Gray's Publishing in B.C. and
26 we are producing at our own expense without
27 their assistance direct mail, with which we will
28 direct mail all of the university and public
29 libraries and all of the book shops in these two
30 countries.



1 We don't think that this operation
2 is going to be very viable for 20 months but
3 the thing is that we are making a profit in Canada
4 and we are going to plow it into trying to sell
5 Canadian books abroad.

6 Now, we come to the observation
7 which has crossed my mind. You know, going through
8 the lists of these Canadian publishers who
9 we now have undertaken to promote abroad, I notice
10 the tremendous emphasis on detailed Canadiana
11 and I realize that passing as we are in this
12 country through a post-colonial phase, maybe this
13 is all right, but I don't think it is the way
14 to sell books abroad. I remember years ago hearing
15 an astute observation about the greatest money-
16 maker that this country ever had Mazo de la
17 Roche with ~~the~~ Jalna series.

18 This lady when she wrote the Jalna
19 books forbore to mention Canada very much.
20 She never mentioned Toronto, she lived in
21 Clarkson and presumably the White Oaks mentioned
22 was in Clarkson, but Clarkson was never named.
23 She says, "So and so went in to the nearby city" --
24 she never mentioned Toronto. What I am getting
25 at is that perhaps this is why her books were
26 translatable into Roumanian and Japanese because
27 the Japanese and Roumanians could identify with
28 her. Therefore, I wonder if there was room for
29 criticism not only primarily with the publishers
30 but also with the writers. Maybe our time is



1 passing for this intense and detailed concern about
2 Canadiana.

3 I noticed the other day that one
4 of the lists that I was perusing had a recently
5 published book about an insignificant strike in an
6 insignificant city. How could that be sold
7 outside of Canada? Now, another one, a lady,
8 had written a book about philosophical values.
9 Now, this book within its limited area could be
10 sold equally well in any country in the world.
11 The thing I am getting at is maybe the time has
12 come to begin changing our concept of nationalism.
13 Maybe we ought to grow up to have an outward
14 turning nationalism rather than an inwardturning
15 parochial nationalism. Maybe we should be proud
16 of our writers who happen to be Canadian because
17 their books are selling all over the world rather
18 than be proud of a person who is selling because
19 they happened to write a book about Brandon,
20 Manitoba where the sales would be restricted to
21 Brandon but nowhere else.

22 It seems to me that what we are
23 faced with here is something that pertains to
24 the guts, the very heart of publishing and that
25 is manuscript selection. You know, I criticize
26 myself. One of the very few books that we have
27 published ourselves is intensely Canadian and one
28 or two more that we will publish will be of the
29 same character but I promise you that so far
30 as the bulk of our titles are concerned they are



1 going to be books by Canadians which, so far as
2 possible, will have universal applicability and
3 which may use Canada as an example but no more.
4 I think that the time has come to move into a
5 wider interpretation of nationalism.

6 Of course, I think of this because
7 I am now an exporter of Canadian books and I
8 want to sell those Canadian books abroad and
9 I want to make money out of them.

10 THE CHAIRMAN: Thank you very
11 much, Mr. Badger. We appreciate your brief very
12 much.

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SUBMISSION BY PROGRESS BOOKS

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THE CHAIRMAN: We now have with us
Mr. Mark Frank of Progress Books, Toronto.
Mr. Frank, you have given us a very extensive
brief which is beyond our capabilities as far
as reading it out into the record is concerned but
we would be obliged if you would touch on the
high points you would like to make with us.

MR. FRANK: At the outset I
appreciate very much the remarks of the Chairman
earlier today in which he issued a challenge to
perhaps advance mind-boggling propositions and
even radical ones. I hope that to some degree
this brief does move in that direction and opens



1 up some areas in that direction and opens up some
2 areas perhaps which others have not.

3 As a publisher you will find an
4 appendix which somewhat briefly summarizes our
5 activity over the past 35 years. We do not appear
6 as a textbook publisher per se. We are much
7 perhaps in the category of Peter Martin Associates
8 where increasing significantly in the last ten
9 years our books have received a new acceptance
10 in the curricula of educational areas, that is,
11 insofar as our own publications, our own developed
12 and published books are concerned as well as
13 the books that we import as an agency house.

14 Our main interest and our main
15 activity is to generate sufficient income out of
16 our activity to publish Canadian books on
17 Canadian themes by Canadian authors but we have
18 another interest which we pursue in this brief
19 as you will I think know, that we are not
20 simply arguing the problem of the plight of the
21 small publisher, serious as that is, but we
22 are also addressing ourselves to the terms of
23 reference of your Commission and trying to look
24 at the question as a whole in relation to the
25 problems of the entire industry.

26 May I add a further word or two
27 about ourselves. We have had the unusual,
28 for us, experience in the Centennial year of having
29 one of our books receive a Centennial grant which
30



1 occasion saw some eruption in the House of
2 Commons but nevertheless the book has measured
3 up and is increasingly recognized in text course
4 work at the university level.

5 MR. CAMP: What book was that?

6 MR. FRANK: That was Unequal Union.

7 We look forward to increasing acceptance, of
8 course, of some of our own published books in the
9 textbook area. We have been paid a tribute
10 recently by a leading book personality whom I
11 am not at liberty to quote but I assure you it
12 is genuine as having played over the last 35 years
13 a role in making available to Canadians the
14 kind of book that we are developing, the kind
15 of Canadiana that we are developing, a unique
16 type of contribution.

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1 Not too long ago one of our books
2 which we promoted, an import, an agency book,
3 received a Young(Canada book selection designation.
4 that was a book of Russian Fairy Tales and it
5 finds a very strong position in the children's
6 sections of our library systems.

7 Our brief is actually set out in
8 three parts. The first part seeks to situate on
9 the growing loss of independent control and
10 ownership in Canada's publishing industry
11 in the context of the wider picture of the
12 Continental drive of the U.S. industrial --
13 financial power complex and the acquiescence
14 in general of our government in this process.
15 We note with some interest in this connection that
16 a book has just appeared under the Queen's Printer
17 imprint recently which precisely
18 addresses itself to our satellitism vis-a-vis
19 the United States. I am not too accurate about
20 that, but satellitism in general and lack of
21 a posture in the matter of a role which Mackenzie
22 King played, and he said this in the critical days of
23 World War II. That is in Colonel Stacey's book.
24 We suggest that the increasing effort -- it
25 is thirty years late, of course, we suggest that
26 that would be increasing phenomenon and we
27 hope it will be. We modestly and humbly
28 indicate that we, in 1948, began such an
29 investigation in a very forthright way which
30 resulted in a number of books, dealing precisely



1 with this question. If there is an agitation
2 today about repatriation of our alienated
3 economy and resources areas, we have played some
4 role in that in developing books like Anatomy
5 of Big Business which deals with the corporate
6 U.S. ownership and proposes for the first time
7 in a spelled-out way the idea of nationalization
8 of certain key sectors of our resources, industrial
9 and financial life. We note that others have
10 taken up this theme and, of course, we welcome
11 them to this task which we think is a joint one
12 and crosses the barriers of political position
13 from a political standpoint.

14 The second area of our brief
15 deals with some of the facts that are well-known
16 to you which we would have hoped to research
17 perhaps even more deeply and perhaps the brief
18 would have been larger. We hesitated to go
19 into that area as much as we would have liked to.

20 The third area is recommendations.
21 Incidentally, I recall the Chairman asking others
22 that question. You are simply not interested
23 in self-defence measures: you are interested
24 actually in those proposals that have helped
25 open up Canada, opened areas which have not been
26 explored and meeting the challenge of the 70s,
27 in other words. In that connection, I might say
28 I welcome the investigation of the north and
29 the appearance of books dealing with that matter.
30 We welcome that and think that is good. It is



1 the kind of direction I think we have to move in
2 in many areas.

3 In relation to the various proposals
4 we make, some of which will not be new to you
5 perhaps, but the one with regard to textbooks
6 may sound far reaching in that we argue for
7 public ownership of textbook publishing, not
8 only in the research and development of same,
9 but the actual textbook and learning-materials
10 area. The reason we do so is that we argue
11 so strongly, is that perhaps in no other field
12 do we find such an advanced state of disintegration
13 and, if I may say so, dangerous for the supply
14 of a Canadian identity. We believe we are
15 talking about a terminal industry here and that
16 is why we make the prescription that may sound
17 to some too far reaching. However, I argue
18 that the precedent of public ownership is not
19 a new one. It is a well-established one and
20 exists in the CBC and we cite Mr. Galbraith
21 and the External Affairs Report, who calls us
22 to pay attention to this matter of the loss of
23 our cultural identity and in an area that the
24 report refers to public ownership is one of
25 the means of accomplishing that purpose.

26 We note also with interest the
27 action in Quebec of the Societe Generale de
28 Financement which has entered the textbook field.
29 That is a Crown corporation. I don't think they
30 refer to it as a Crown corporation in Quebec, but



1 it is a government corporation which has taken
2 a controlling interest,-- not a partial interest
3 -- but a controlling interest of a major textbook
4 agency. You will recall that in 1968 your
5 Encyclopaedia Britannica, U.S. owned, took over the
6 biggest textbook industry in Quebec and that
7 caused a great alarm and flack which, of course,
8 we experienced two years later in the Ryerson
9 matter. I am told by printers in Quebec that
10 the entire CIGEPS situation down there, which
11 is a community school or community college network
12 in Quebec comprised of community colleges, is
13 being serviced in the French language, if you wish,
14 by American publishers. I don't want to
15 exaggerate that because I don't know precisely
16 the figures, but the figures that interest us
17 in the Societe Generale de Financement is it
18 confirms the thrust of our brief and that is the
19 necessity for extensive public government entry
20 into the textbook learning materials field,
21 as a fact of their life, of their preservation
22 of their culture. In that connection, M.
23 Patenaud has written an article in Le Devoir
24 which appears in the current issue of Quebec
25 Presse in total, which expresses alarm at the
26 increasing presence of U.S. presence in French
27 language printing of textbooks. M. Patenaud
28 as you know, is the head of the Conseil Superieur
29 du Livre and ---



1 MR. FRANK: Also in that
2 connection, with regard to the picture we note
3 with great interest this morning's Globe and Mail
4 which tells us that a recommendation of your
5 Commission to the government is a million dollars
6 of public money go into McClelland and Stewart
7 and has an option in it, a control option in it.
8 I am not too clear about the details in this case
9 because I have read nothing except what I read
10 in the papers.

11 THE CHAIRMAN: We would be quite
12 happy to give you a copy of our report tabled
13 yesterday.

14 MR. FRANK: Thank you. I am not
15 too clear about the details in the case of the
16 Societe Generale de financement. It seems to
17 me they generally tend to confirm the thrust
18 of our remarks and we would like to see them
19 go further. We are somewhat disturbed about
20 some of the elements in the McClelland and
21 Stewart arrangement with respect to the Commission
22 in that we do not see the features of democratic
23 control over that money except insofar as that
24 public money is ---

25 THE CHAIRMAN: I would recommend
26 to you that yesterday -- you might study the
27 report before you get too concerned about these
28 aspects. We think we have covered that, but
29 we invite you to examine the report.

30 MR. FRANK: Thank you.

1 Finally, I just want to say this,
2 and it is mentioned in our brief, and to summarize
3 in closing, we are somewhat disturbed at these
4 efforts -- some of us, and perhaps some more
5 eloquently than I have made to state the case
6 for Canadian-owned publishing industry and
7 being put down as rabid nationalism, bigotry,
8 chauvinism, and terms of that kind.

9 At the close of my brief I indicate
10 on the contrary, we don't believe it is a
11 contradiction between a genuine and popular
12 love of country and a wider responsibility to
13 our people's internationalism reinforces its
14 real sovereignty in the end. We are not
15 American or anti-American. We are pointing to
16 the dangers of U.S. monopolies intrusions on our
17 cultural life. We are not bothered by the
18 output of the United States publishing houses
19 that add to our understanding both of America
20 and the world and Canada; we take an attitude
21 against the importation of racist and
22 pornographic material in this country. We select,
23 in our choice of material. We don't have to
24 consider the entire output of the United States
25 without discriminating.

26 MR. CAMP: Have you succeeded
27 in identifying pornography?

28 MR. FRANK: To our satisfaction,
29 yes. I know courts of law -- we believe there
30 is a type of literature which debases the human



1 personality.

2 THE CHAIRMAN: He knows it when
3 he sees it.

4 MR. CAMP: Is Henry Miller
5 pornographic?

6 MR. FRANK: I wouldn't entirely
7 say that at all. There is a great deal of
8 artistic merit in Henry Miller.

9 MR. CAMP: I am really interested
10 in that.

11 MR. FRANK: We could go on and
12 pick samples, but the general approach that
13 we would take is, we would be opposed to the
14 import -- selection if you wish -- if our
15 Customs people consider it desirable to let
16 racist material into this country, that is their
17 privilege. That is a freedom which we think
18 is defined in terms of a class distinction.

19 THE CHAIRMAN: You say that
20 is a freedom and also an exercise in judgment?

21 MR. FRANK: That is a freedom
22 in quotation marks. That is a licence. There
23 has been sufficient evidence the selection
24 program does go on in fact and there is a
25 de facto selection process that discriminates
26 in terms of humanism and a forward and progressive
27 attitude to the human personality, not an attitude
28 that degrades the human personality to this
29 tortured question.

30 MR. CAMP: You admit there is



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Toronto, Ontario

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1 difficulty in determining whether or not a
2 book is pornographic or whether or not it is
3 racist?
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1 MR. FRANK: I do think so, but I
2 do think there are sufficient qualified people,
3 sufficiently cultured people to examine this
4 thing in a fairly objective way and deal with
5 it on the grounds of good common sense.

6 MR. CAMP: We usually leave it
7 to the common sense judgment of the Minister
8 of National Revenue.

9 THE CHAIRMAN: That is the custom.

10 MR. CAMP: I was interested in
11 your observation, speaking of the import of
12 books into Canada. You make the point here
13 somewhere, and maybe I can find it. It is on
14 page 28 and I am not sure until I get to it that
15 it is -- that there is some discrimination
16 against the literary riches of non-English
17 speaking nations published -- and you name
18 Africa, Cuba and the U.S.S.R. Are you saying
19 that this is where these works originate?

20 MR. FRANK: Yes.

21 MR. CAMP: You say "unrelieved
22 abuse of the works published".

23 MR. FRANK: Is that radical
24 enough?

25 MR. CAMP: That is pretty
26 pejorative. Can we discriminate against them
27 because they are imported or do we discriminate
28 against them because of their critical reception?

29 MR. FRANK: I would say in both
30 ways. I think that if you build up an atmosphere



1 of tension and the international situation is
2 showing element of d'etant at the moment,
3 I think that is a good thing and I think that
4 atmosphere of tension and hostility tends to
5 dry up the international flow automatically.

6 MR. CAMP: I am a little surprised
7 you mentioned the U.S.S.R. because there seems
8 to be a genuine place for literary material
9 from the U.S.S.R. and it has to be smuggled
10 into the place to get here.

11 MR. FRANK: I would draw your
12 attention to one author who was first published
13 in the U.S.S.R. and may I further suggest
14 to you that when you deal with the context of
15 publishing in countries, I am not going to argue
16 their process of publishing. As a matter
17 of fact it would be fairly instructive for
18 us to go and look at their process and I think
19 they would invite you to come, and explain our
20 system to them. As I understand they have
21 a socialist system. They do not have a
22 capitalist system. It is an entirely different
23 social system. They lost 20 million people
24 in World War II. I think they know something
25 about freedom and I think they want to only
26 defend their system and they prescribe certain
27 authors who present a one-sided and even a
28 distorted picture of their reality. As a
29 matter of fact, one of those smuggled-out
30 writers you are referring to actually called the

1 Soviet Union a Fascist country. It is a function
2 that goes beyond ~~an~~ responsibility, social
3 responsibility of a citizen in that country with
4 regard to reality. You are not suggesting to
5 me, Mr. Camp, that we do not similarly practice
6 for entirely other reasons in our social system,
7 censorship of ideas?

8 MR. CAMP: I hope not. Your
9 earlier point was that we didn't censor enough.

10 MR. FRANK: Select was the
11 word, not "censor".

12 MR. CAMP: They are not all that
13 unlike in my mind, but I am anxious not to get
14 into an ideological argument but I did. We
15 can save that for another time. That is not
16 the business here. I was, though, struck by
17 your observation that school textbooks
18 indoctrinate children into anti-trade union
19 sentiments. I can't think of any examples
20 of that. I have not read all the school textbooks,
21 heaven forbid, but I wonder if you had
22 anything in particular in mind?

23 MR. FRANK: Well, I have said
24 that the Globe and Mail ---

25 MR. CAMP: Which is not a school
26 textbook.

27 MR. FRANK: Can you find that
28 section where I mentioned indoctrinating the
29 children? I said they do not deal with the
30 trade union movement in a positive way. That is

1 what I said, and they do not pay sufficient
2 tribute to the role that the trade union movement
3 has play#d in the history of this country.
4 This is a well-documented complaint of the
5 unions of this country and I refer you to Canadian
6 Labour, the organ of Canadian Labour Congress
7 as my authority for that statement. It is not
8 mine.

9 MR. CAMP: You say they are
10 all dealt with, that is to say, trade unions
11 and so on, as anti-social forces in the main
12 material set before school children, which I
13 think was the substance I took from what you
14 said.

15 MR. FRANK: I think that is
16 true in general and I think we can document
17 that by discussions with the trade unions
18 themselves, but I want to point out an honourable
19 exception. I think the Niagara Peninsula
20 has just started with the constitution of the
21 trade unions, a system of courses dealing with
22 the trade union movement in a positive sense,
23 in the sense of their contribution and we welcome
24 that.

25 THE CHAIRMAN: I am sure we
26 would welcome it also.

27 MR. CAMP: What was your copy
28 sales in the Anatomy of Big Business?

29 MR. FRANK: I think that was
30 about 3000. It is out of print now, we would



1 love to reprint again but we have not got the
2 money to do it.

3 DR. JEANNERET: I have just got
4 a couple of remarks and questions. Do you favour
5 as a publisher ratification by all countries
6 of the Florence Agreement which calls for the
7 free flow of knowledge?

8 MR. FRANK: Well, personally
9 I have no ---

10 DR. JEANNERET: Do you vigorously
11 support it or do you support it or do you
12 oppose it?

13 MR. FRANK: I have not addressed
14 myself to studying that matter as deeply
15 as I would like to but I would in general favour
16 that, insofar as it does not create hazards
17 for the indigenous production of our books
18 and hazards for our authors.

19 DR. JEANNERET: Mr. Frank has
20 lived up to his name in the brief and has
21 covered everything and everybody so thoroughly
22 that there are not many questions to ask. I
23 have to make one remark. I appreciated your
24 kind reference on page 36 to the large Canadian
25 list of the University of Toronto Press. I
26 would like to correct a reference to this as
27 a non-profit subsidized operation. It is a
28 non-profit operation and it is very definitely
29 not subsidized directly or indirectly by the
30 parent institution. Rather, it provides somewhat



1 reluctantly in certain areas to set out university
2 operations and distribution service but most
3 of its subsidies are supplied to support
4 scholarly publishing. I make this observation
5 only to correct what is apparently a misapprehension.
6 On the other hand -- and I turn to another
7 statement that you made at some length -- you
8 suggested that this particular press again, but
9 it could be any scholarly publisher I am sure --
10 you stated that you can't go along with the
11 idea that it is completely free and independent
12 and above politics as suggested by a certain
13 author in a certain article. I would like to
14 go on record as saying that no scholarly publisher
15 worthy of the name with which I am acquainted
16 has ever turned a manuscript down for political
17 reasons. I, myself have frequently published
18 manuscripts in political areas filled with
19 political thought with which I was vigorously
20 in disagreement and I hope that I will be
21 privileged to be able to go on doing that and
22 I think that the fact that there is a
23 singular absence of materials in the list we
24 are talking about, covering the life work of
25 Marx, Engles and Lenin is not a proof of
26 manuscripts in this area turned down so much
27 as a lack of manuscripts submitted. If you
28 know of any that have been turned down, I would
29 appreciate your letting me know. There is a
30 good legal maxim, "res ipsa loquitur", "Let the



1 thing speak for itself, on the question of
2 whether you or scholarly publishers are the
3 more political as publishers. I would rely
4 on the good old phrase "res ipsa loquitur" but
5 I have no questions to ask.

6 THE CHAIRMAN: Mr. Frank, we
7 have appreciated your coming to us. I found
8 your brief extremely interesting. I was
9 taken with your idea of having a Canadian book
10 fair and your ideas that are rather innovative
11 but I would consider that as a possible
12 recommendation somewhere along the line. I am
13 speaking of fresh approaches. As I say, we
14 thank you very much and also your brief was
15 very well prepared.

16 Thank you very vmuch.

17 DR. JEANNERET: It was a very
18 well-prepared brief, Mr. Chairman.

19
20 ---Adjournment

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ONTARIO

ROYAL COMMISSION ON BOOK PUBLISHING

Mr. Richard Rohmer, Q.C.	Chairman
Dr. Marsh Jeanneret	Commissioner
Mr. Dalton Camp	Commissioner

Mr. Robert Fleming	Executive Secretary
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252 Bloor Street West, Toronto
Ontario, April 28, 1971
29.

This transcript has not been edited,
corrected or revised by the
Commissioners but may subsequently
be edited, corrected and revised



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TORONTO 1



S U B M I S S I O N O F

1		
2		
3	Mr. Campbell B. Hughes, President and Mr. Bryon Sims.	Van Nostrand Reinhold Ltd.
4	Mrs. Irma McDonough, President;	
5	Mr. Fred Israel, Vice-President, and Mr. Ronald Yeo.	Ontario Library Association
6	Mr. George E. Renison, President, and Mr. D.W. Quick, Merchandising Manager.	W.H. Smith & Son (Canada) Limited
7		
8	Mr. Alan Heisey.	
9	Kathy George, Donald Craig, David McColl and Tom Coulter.	Grade 8 Students, Orchard Park Public School, London, Ontario
10		
11	Prof. R.J.D. Page.	
12	Mr. Wallace A. Matheson, President; Mr. G.B. Halpin, Vice-President, Editorial;	Prentice-Hall of Canada Limited
13	Mr. E.E. Campbell, Vice-President, Sales.	
14	Mr. Peter Trueland, President;	
15	Mr. K.L. Brown, Vice-President and Mr. Donald S. Stark, Vice-President.	Grolier Limited
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Toronto, Ontario,
April 27, 1971.

---The hearing commenced at 10.00 a.m.

THE CHAIRMAN: Well, ladies and gentlemen, we are resuming our public hearings in connection with our responsibilities for the Royal Commission on Book Publishing. Before we invite any discussion of the first brief there are one or two comments that we would like to make and they relate entirely to the matter of the interim recommendation that we made to the Lieutenant Governor in Council of Ontario concerning the McClelland & Stewart matter.

We would like really to place on the record our disappointment with certain aspects of the public community in relation to failure to read the material and to understand what it says. There have been editorial comments, there have been comments from publishers, there have been comments from, in fact, government staff sources which indicate that people are not reading what we said and have come to conclusions about what we have said. It is a misinterpretation of what we have said. Quite clearly in it being misconstrued it could be damaging to the efforts which we think are valid. What we have said is very straightforward, it is very simple. We implore those who wish to comment upon it to read it before they comment on it.



1 Now, having said that we have with
2 us today representatives of Van Nostrand Reinhold
3 Limited, Mr. Campbell B. Hughes, President,
4 and the Controller, Mr. Bryon Sims. As is our
5 practice we would invite you to touch the high
6 points of your brief which we consider to be very
7 well done and then we would like to engage in some
8 questions and a discussion.

9 MR. HUGHES: Thank you, Mr. Chairman.
10 I might add that unfortunately the third member of
11 our trio is in western Canada at the moment,
12 Mr. Geoffrey Dean. He also is part of the brief.

13 THE CHAIRMAN: We note the stress
14 that you put on the internationality of your
15 operation and that Mr. Horwood, Managing
16 Director --

17 THE CHAIRMAN: Mr. Horwood is with
18 us today for the purposes which you indicated
19 stressing the internationality of your operation.

20 MR. HUGHES: He is sitting right
21 over there.

22 I have to say at the outset that
23 we realize it is more than a little presumptuous
24 for Van Nostrand Reinhold Limited which is just
25 beginning its second year of operation in Canada
26 to offer suggestions on the operation of the
27 book publishing industry in this country. We
28 offer some justification for doing so on two
29 grounds, (1) because many of those persons engaged
30 in Van Nostrand Reinhold enterprise have had previous



1 experience in the publishing business and, (2) because
2 we feel that as a publishing subsidiary we have
3 been under attack from several directions, attacks
4 that we feel are not justified by the facts.
5 We are primarily concerned with educational
6 publishing.

7 In this field the imported book
8 has for years set a technical standard that has
9 immeasurably raised the physical and pedagogical
10 quality of Canadian books by sheer force of
11 competition, a fact which one can prove by comparing
12 Canadian schools of the present day with those
13 from any other part of the English-speaking world
14 except the United States.

15 As a subsidiary we suggest to the
16 Commission that it is not only the Canadian-owned
17 publishers who are finding the economics of
18 publishing very difficult. We recognize that in
19 part the deterioration of publishing is a by-
20 product of an educational revolution which has
21 thrust a new educational role on the book but in
22 part it is caused by the fact that in the said
23 term books are optional, teachers' salaries and
24 debenture payments are not. For example, the
25 Toronto Board of Education has announced cuts of
26 10 per cent for this current year in textbook
27 purchases and 50 per cent in library book purchases.
28 This is a pattern that is being repeated across
29 this country.

30 We congratulate the Government of



1 Ontario for its foresight in appointing a Royal
2 Commission on publishing. We suggest that
3 certain problems to which we have given stress in
4 our brief are urgent and the situation is
5 deteriorating. We sincerely hope that corrective
6 action can take place without delay.

7 I am saying here that this is not
8 only related to the companies in imminent danger
9 of being closed but to all publishers, especially
10 in the educational market. In addition to a
11 diminishing market the publishing industry is
12 conscious of threats from none other than the
13 government of this country. The recent report of
14 the Economic Council of Canada which appeared
15 since our brief was written seems to indicate that
16 we can expect legislation which further reduces
17 the Canadian publishers' claim to representation
18 of foreign publishers and rights in the
19 reproduction of copyright material are somewhat
20 in question. Even the Canada Post Office has
21 joined those who have reduced the returns to
22 authors and publishers with the general distribution
23 of this announcement of a photocopying service
24 in Post Office services that will copy anything
25 from a birth certificate to book pages and that
26 is a quotation.

27 In our brief which was written prior
28 to the announcement of a plan by which the Government
29 of Ontario would advance funds to one Canadian
30 publisher we explored the potential effect of



1 loans made directly or indirectly to book publishers.
2 We take the view that as a life-saving or
3 stimulative measure for trade or for literary
4 publishing the cultural benefits to Canadians may
5 outweigh the cost even if the loan is not repaid
6 or if it is forgiven. In much the same way grants
7 to a ballet company or a theatre groups are
8 justifiable national investment.

9 However, if the publisher receiving
10 the loan is in the business of selling educational
11 books then there seems to be obvious incentive for
12 a Department of Education to protect the public
13 investment through the purchase of that publisher's
14 books. We believe that this is entirely an
15 adverse situation from that presented by a literary
16 publisher in need of help. In the case of
17 educational publishing the amount of available funds
18 is fixed. The option to buy one of several
19 competing items is to buy one of several competing
20 items and when one is selected the others will not
21 be sold, at least not in that location.

22 In literary publishing the amount
23 of available funds is not so rigidly fixed and
24 selection of one particular item does not rule out
25 any selection of other items as well. We are
26 deeply concerned and not for Van Nostrand Reinhold
27 only but for the way in which the competitive system
28 which in the past has worked to make the best
29 materials available might be completely upset --
30 and I do realize, sir, and I have read the



1 announcement and I do believe that every possible
2 safeguard is built in but this goes beyond that
3 point.

4 We think it is not too late to build
5 in even further reasonable safeguards when publishers
6 receive aid. We note that at this time there would
7 appear to be potential involvement not only by
8 Ontario but by at least two other provinces in
9 publishing enterprises.

10 Finally, we would like to emphasize
11 that we believe the future health of Canadian
12 publishing depends on improvement of the book market
13 in Canada. The suggestions contained in our brief
14 are almost entirely oriented in that direction.
15 Publishers concerned with the Canadian ownership
16 have looked to the government for aid simply
17 because investors cannot be found in this country
18 who are willing to accept the current level of
19 return on investment that publishing offers.
20 Apparently it is only through a subsidiary that
21 one can wait for 10, 20 -- or in one case that I
22 have heard of -- 24 years before returns start
23 coming in. Until we can create a situation where
24 book publishing attracts investment capital the
25 Canadian book and the Canadian publishing industry
26 stand in great peril.

27 That, sir, sums up largely what the
28 brief is about.

29 THE CHAIRMAN: Dr. Jeanneret has
30 informed me that he has a very large series of



1 questions to put to you. So, can we begin with
2 him?

3 DR. JEANNFRFT: Well, I have a
4 certain number of questions because this is a
5 very good opportunity to get information into the
6 record and I thought that your brief, Mr. Hughes,
7 was remarkably clear and well organized and quite
8 professionally produced. The 60 pages do not
9 live up to the word "brief" perhaps, but it was
10 worth the time it took to go through it, I assure
11 you.

12 I do have a few questions, I will
13 skip over some of them. On page 7 you distinguish
14 between a decision of what to publish being made
15 in the Canadian office and the financial prospect
16 of each publishing decision being scrutinized by
17 the parent company. I find it a little difficult
18 to distinguish between these two ideas. In
19 theory there is a difference but in practice
20 doesn't this, in effect, mean that the decision to
21 publish is made by the parent company on the
22 nomination I presume of the subsidiary?

23 MR. HUGHES: On the negative side
24 I suppose one could say this is true. In fact,
25 what happens in our particular organization is that
26 we are really sharing a computer service, a
27 discount flow analysis of what is going to happen
28 to money that is placed or invested in a book and
29 the computer happens to be not in the parent
30 company but they have the contract through which this



1 service is obtained. We submit certain figures
2 arranged in a way that makes very little sense
3 to me except that we fill in certain boxes. This
4 is fed into a computer and it comes back telling me
5 precisely how long the break-even point is away
6 and the kind of investment that is going to make.

7 DR. JEANNERFT: Do you make the
8 decision then?

9 MR. HUGHES: Absolutely. And
10 this is not the last element of decision and this
11 has been made very clear to me. It is a decision
12 that lets me know where I am going, it is a
13 professional approach, perhaps, but it is a
14 mathematics that I couldn't hope to cope with.
15 Perhaps I should let my financial man speak on
16 this.

17 DR. JEANNERFT: You make it clear
18 that there is not a qualitative decision made
19 outside your own office really?

20 MR. HUGHES: That is right. Now,
21 I may have in books pictures of my own which means
22 that this publishing is modular and it is senseless
23 for me to talk at this point in time of, let us
24 say, a novel because throughout our entire world-
25 wide organization in four countries we don't
26 produce novels, we are better in some other fields
27 and for that reason I would make that decision but
28 in terms of whether it is likely to be inimical
29 to the best interests of some other country we
30 have to make that decision here and if we can't



1 stand the heat we have to get out of the
2 kitchen.

3 DR. JEANNERET: You say that
4 Reinhold does everything to attract the best
5 Canadian authorship and do you include in that
6 any effort -- by asking the question this way I
7 don't imply that one answer is more desirable
8 than another -- but do you include an effort to
9 attract Canadian authorship for the purpose of
10 publication originally in the United States, let
11 us say and Canada by importation and, if so, under
12 what circumstances would you do that, in other
13 words, to what extent are you doing an editorial
14 scouting job for the parent organization?

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1 MR. HUGHES: To a very considerable
2 extent. I think it depends almost entirely on
3 the subject matter of the potential book. If
4 this book is of universal interest, I can give
5 you an example of a book that is entitled
6 Russia Under Brezhnev and Kosygin which happens
7 to be by an author at Carleton University in
8 Ottawa. Now, this book has been published by
9 our, or is being published by our parent
10 organization because, by so doing the lines of
11 communication throughout the world give this a
12 world market. At the same time there is nothing
13 to stop us from doing a book of universal appeal
14 here, and what international publishing is all
15 about is that Mr. Horwood, who is in the audience,
16 and Mr. Tucker in Australia, and various other
17 people around the world can handle this book.
18 What we are really doing is, wherever the book
19 is not parochial in subject offering an opportunity
20 for a world market that is ready made, we don't
21 have to go and move some other publisher to do
22 this.

23 DR. JEANNERET: Is original Canadian
24 publishing which tends to be parochial
25 publishing, then, necessarily?

26 MR. HUGHES: Initially, yes,
27 because we have to creep before we can walk.
28 I am very conscious of the fact that visibly
29 a company such as ours has to take out citizenship
30 and we do this by publishing and, of course, one



1 of the fields we are publishing in is the elementary-
2 high school field. We have already produced three
3 books in this field during the first year.
4 Of these, two of them perhaps could be used
5 elsewhere. Elementary-high school books tend
6 not to cross national borders as much.

7 DR. JEANNERET: On page 12 you
8 make a significant statement when you say that:

9 "Understandably, books produced
10 for schools in other countries
11 are oriented to viewpoints which
12 are not necessarily shared by
13 Canadians."

14 You go on to note that:

15 "In the case of books from the
16 United States, this divergence of
17 viewpoint has become less marked
18 in the past few years . . ."

19 and the fact is you recognize it exists. Isn't
20 it equally understandable that there must be
21 a place for books produced for schools in
22 Canada in order that they may have books
23 oriented to special Canadian viewpoints? In
24 other words, are you saying in the discussion
25 that follows this point in your brief that
26 simple Canadianization would be sufficient
27 in most cases or in such cases and, presumably,
28 I would except and you would except the social
29 sciences and similar areas where original Canadian
30 publishing obviously is unavoidable. What would



1 you say on this subject?

2 MR. HUGHES: Well, I refer back
3 to what we said just a moment ago, that
4 elementary-high school books in particular do
5 not cross borders well because young minds are
6 also inexperienced minds. They don't take in
7 the world grasp. Therefore, we tend to deal
8 with local subjects. More than that, I think
9 it is no secret that the textbooks of the United
10 States were for many years the means by which
11 the melting pot became melted for the second
12 generation immigrant American and there was
13 an over-emphasis on nationalism. The concrete
14 example of this and why I referred to a change
15 in this brief is that if you will look at any
16 American history or social science book ten
17 years ago or before that, you will find it is
18 written in the first person "we", "our president",
19 "they", and they gave a sort of dichotomy of
20 viewpoint to people who read this book. Strangely
21 enough, I have talked to many Americans about
22 this who didn't realize what was going on, but
23 I think it is the only country in the world where
24 this first-person approach takes place.

25 Now, to give you an idea of what
26 has happened, I think if you look at social
27 science books in the last five years, you will
28 find a distinct change has taken place. They have
29 become more objective and, of course, it is
30 quite obvious that in relation to minorities,



1 the Puertorican, or Negro or Indian minorities
2 in the United States, attention is being paid
3 to these where, once upon a time, they were the
4 invisible people.

5 THE CHAIRMAN: I found the statement
6 extremely interesting and I wish to have your
7 explanation of it, because Dr. Jeanneret didn't
8 take the sentence which said:- I will read the
9 whole sentence:

10 "Understandably, books produced
11 for schools in other countries
12 are oriented to viewpoints which
13 are not necessarily shared by
14 Canadians. In the case of books
15 from the United States, this
16 divergence of viewpoint has
17 become less marked in the past
18 few years because nationalistic
19 viewpoints have given away to
20 recognition of a pluralistic society
21 in which many problems remain
22 to be solved."

23 I wasn't sure whether you were referring to the
24 Canadian society or American. You clarify that
25 as being a reference to the United States
26 society and certainly there is little doubt, at
27 least in my mind, as an individual, having had
28 a fairly substantial experience in the United
29 States over the years, that in comparison with
30 the only other country I know well the Americans



1 have been in view with a spirit of nationalism
2 which really has been up to recent times
3 unparalleled. What you are saying, of course,
4 is a reflection of that; how it is coming off
5 remains to be seen, really.

6 MR. HUGHES: This, of course,
7 goes back to Parson Weems who invented a number
8 of stories, the cherry tree story and the
9 dollar across the Delaware, and so on, just to give
10 the history in a short summary.

11 THE CHAIRMAN: I must say I was
12 taken with a cartoon in the Toronto Daily Star
13 showing Washington crossing the St. Lawrence.

14 Is that what they are teaching in the
15 schools today?

16 MR. HUGHES: We do have a sub-
17 stantial number of imported elementary school
18 books. I take a personal view as the watchdog
19 of these books and the books that present this
20 type of nationalistic view are certainly not
21 going to receive promotion. To answer another
22 thing, Dr. Jeanneret, I don't believe that
23 generally social science books can be Canadianized
24 satisfactorily. This is true of science, it is
25 true of mathematics, but these tend to be
26 transferred. There is something underneath
27 the surface that you can't change by Canadianization.

28 DR. JEANNERET: You go on, then,
29 to say:

30 "Despite this reservation,



1 however, books from the United States
2 are in general based on much
3 more extensive research than their
4 Canadian counterparts . . ."

5 and so on. I don't dispute that this may often
6 be true. I think there are countervailing
7 considerations too, but aren't you putting forward
8 a pretty strong argument here to the effect that
9 the educational textbook offerings of many
10 American-owned publishing houses in Canada, that
11 is, any Canadian branch plant of an American
12 publisher must necessarily be of a higher order,
13 pedagogically speaking, new materials that are
14 being developed by an independent, purely
15 Canadian publisher? I think this is the force
16 of your argument. I suppose you could use the
17 same reference to say the same thing offered
18 by any British publisher here simply has to be
19 better pedagogically. The tradition would
20 bear that out.

21 MR. HUGHES: Somehow you turned
22 the argument in a way that I didn't see. Let
23 me give you a personal example. Several years
24 ago I was involved in the development of a
25 biology text. It was produced in a hurry because
26 the Department of Education announced the course
27 would be produced in the following year, would
28 go into effect the following year. It was
29 produced by one man with two readers, all in
30 the space of twelve months, more or less. It



1 lasted in the schools one year or two years when
2 it was completely displaced by biology texts of the
3 biological sciences curriculum study and there,
4 as you know, the United States Federal Government,
5 through the National Science Foundation, funded
6 that research to the extent of approximately
7 \$15 million. When you put 70 people, 35
8 university professors, 35 teachers together for
9 a period of three months each for three years
10 running and then an extensive classroom-
11 testing program, you have something that is just
12 like an ant trying to push back a steamroller.

13 This is in no way to be construed
14 as saying that Canadian books need be inferior,
15 and many of them are not. What I am saying,
16 and I think I say a little bit later on, is that
17 we have been notoriously derelict in providing
18 time for authors or money for research leading
19 toward practical, commercial products in this
20 country.

21 DR. JEANNERET: The kind of
22 research program you are talking about, the
23 end results would be internationally available,
24 certainly.

25 MR. HUGHES: Exactly.

26 DR. JEANNERET: On page 14 at
27 the bottom, you are acknowledging that
28 "publishers in the United States have been
29 encouraged to produce great amounts of
30 educational material under highly competitive



1 conditions". Your emphasis here is on a
2 competitive aspect. Isn't it fair to suppose
3 that the competition is so much keener and comes
4 from so many more directions in the United States
5 that the resulting advantages of size of market
6 on which you are basing your advantages of more
7 research and more testing are, to some extent,
8 at least nullified? Surely the competitive
9 conditions might contribute not only to greater
10 discrimination in the best products, but the
11 publication of more second-rate material. After
12 all, even a poor textbook in the United States
13 can reasonably look for an American market
14 equivalent in size to a good market in Canada,
15 or is this not true at all?

16 MR. HUGHES: I would agree
17 completely. There are probably something in the
18 order of 100 publishers operating in the United
19 States of whom you only have no more than 70 or
20 80 of the 100 here, represented through various
21 agencies and whatnot. The poor stuff seldom,
22 fortunately, crosses the border, but it does
23 make a living in the States, as you say. The
24 best material -- I don't want to suggest it is
25 simply hours of research or hours of testing
26 that does make a good product, but certainly this
27 has been the pattern in this scientific age.
28 The best material has been driven to be
29 better and better. I mentioned a biology project
30 a few minutes ago. The fact is that, within



1 three years, the time that that \$15 million
2 project -- which, incidentally, resulted in six
3 different books -- within two or three years
4 private industry had come up with other books
5 which were at least as good and some of them
6 perhaps are taking more of the market today.

7 DR. JEANNERET: Thank you.

8 MR. HUGHES: If you are saying
9 there is a great deal of third-rate material
10 produced in the United States, the answer
11 briefly is this.

12 DR. JEANNERET: There is probably
13 more trash in the United States and more
14 better stuff.

15 MR. HUGHES: The trash in the
16 United States would not last here for one year.

17 DR. JEANNERET: When you argue
18 that it is fair to say, and you do this on
19 page 15, that: on

20 ". . . on their home ground,
21 textbooks originated in the United
22 States are easily the best in the
23 world.",

24 I ask this question more for guidance than for
25 anything: Why is it they have not successfully
26 swamped the British market and the Australian
27 market and the New Zealand market and the
28 Caribbean market? I think the answer
29 to this question is of some importance. We
30 realize the proximity has something to do with



1 it, but we are not as interested in proximity
2 as in competing.

3 MR. HUGHES: As I mentioned
4 someplace else -- I mention here, it is on their
5 home ground. I am not saying they are the best
6 in Canada and they shouldn't be. On their home
7 ground, their own home educational system.
8 It happens that the Canadian educational system --
9 and you can validate this historically -- it is
10 more like the American educational system than
11 it is like the British educational system. It
12 follows that the Australian and Indian and
13 South African systems are all quite different
14 in philosophy as well as in sequence and subject
15 matter and so on. So that some of these basic
16 books have made their way in England and
17 Australia but, generally speaking, they can only
18 go into a country where the educational pattern
19 and philosophy is similar. Whether we like
20 it or not, even Gage and Ryerson
21 look to the United States for the kind of
22 educational philosophy of this type, the
23 type it adapts.



1 DR. JEANNERET: Just to get away
2 from this tendency to polarize the situation in
3 the United States and elsewhere, you speak about
4 the United States in your case for obvious reasons.
5 You say on page 18 and this is making use of some
6 of your personal experience that I know you have
7 had in publishing over the years, you say,

8 " --if the principle is established that
9 no conflict of interest be permitted
10 to exist between his dual positions as
11 teacher or administrator and author."

12 And you just suggest that that should not be
13 prohibited for anyone to be an author for
14 educational publishing. I think there is a history
15 to this question of who may write and who may not
16 write that you know and I think I know but I
17 think it should be in the record. It is very,
18 very important and if you could just briefly
19 summarize what the Department of Education policy
20 has been over the years as you have seen it as
21 a Canadian publisher, I think it would be helpful
22 because I do believe it began in a firm that you
23 were associated with where it became a big issue.

24 MR. HUGHES: Quite unfortunately
25 otherwise for me it pre-dated my tenure but
26 I think it is patently obvious that if a person
27 can write a book and then be in the position of
28 adopting it so that mass sale results an injury
29 is done to the public. This is patently a sort
30 of crooked deal and we have had some notorious



1 scandals in this regard not only in Ontario but in
2 Quebec. The case that you refer to where two people
3 with the best of intentions, I think, adopted
4 certain books which were then adopted in the
5 curriculum of Ontario was a relatively innocent
6 act compared with what happened, I think, within
7 the past 10 years in the province of Quebec, if
8 I believe what I read in the papers at that time.

9 The principle of conflict of
10 interest is an important one. I am not aware of
11 what the present Department of Education policy is
12 in this but I am aware of people having to resign
13 their position in order to write a book if that
14 was their choice and this goes far beyond the
15 selection of people that is, beyond the curriculum
16 branch or curriculum committees if you will.

17 DR. JEANNERET: If I may interrupt,
18 for many years I believe the situation was that
19 a Department of Education inspector could not
20 write but a municipal inspector could.

21 MR. HUGHES: I think that is correct.
22 Moreover, the hard line of this immobilizes some
23 of the best writing brains and believe it or not
24 the big lack is capable authors, even more than
25 money sometimes. For instance, all of the staff
26 of teachers' colleges for years were immobilized,
27 that is, they were not permitted to write. Certain
28 local cities have ordinances regarding the
29 supervisory personnel and their involvement in
30 writing and I think it does an injury to the public



1 at large and to the children who might use the book
2 not to have the benefit of these people.

3 Now, again I take the basic position
4 that conflict of interest must not come into this.
5 I have seen this worked out during my tenure
6 in the United States where a superintendent of
7 schools was also the author of the best history book
8 in its field and they simply laid down the rule
9 that they would select the book but his royalties
10 would be paid to his favourite charity. Well
11 this is another way around it, you see. But
12 I think that it has to be done on an ad hoc basis
13 rather than on flat rules as to who may or may not
14 write.

15 There is another aspect to this
16 and this is that a teacher who takes leave to write--
17 and they should because it should not be a Saturday,
18 Sunday, evening, summer kind of job -- a teacher
19 who takes leave to write stands in jeopardy of
20 their seniority within this system, they also stand
21 to lose their time on their pension which means
22 that they cannot retire as early or the pension
23 will be reduced and this type of thing should be
24 done away with.

25 DR. JEANNERET: I won't ask you
26 some of these questions but I will just comment
27 on your recommendation of an income tax spreading
28 which is to some extent met by Section 80, I think,
29 which now allows three years. Your fourth
30 recommendation regarding involvement of the Canada



1 Council providing grants for authors does seem to
2 me to raise some tricky constitutional problems
3 in areas of jurisdiction and operation. You might
4 care to comment on it. I don't know if there is an
5 answer, though.

6 MR. HUGHES: We wrote this
7 recommendation in full knowledge of the statement
8 made by the Secretary of State, Gerard Pelletier,
9 in early March when he suggested that grants might
10 be extended into the textbook area. It seems to
11 me that the provinces may be too tender on this
12 type of thing. They might be the winners if they
13 would permit participation in the work of authors
14 by the Canada Council. The fact is, of course, that
15 the federal government is up to its neck in
16 education at the tertiary level and it seems to me
17 that this is at least an arm's length transaction.

18 DR. JEANNERET: Just for the record
19 I would note that the recommendation that you make
20 on page 25 regarding the possible purchase of one
21 copy of each book adopted as pupil textbook
22 under Circular 14 by the province for distribution
23 is a very interesting one and quite probably a
24 reasonable one. Without going away from our
25 thinking at all I think it is the most reasonable
26 thing before us. You go on to make observations
27 on the component parts of textbook publishing costs
28 and the effect of the trend to optional use of
29 many individual publications. Again, your
30 comments are very relevant indeed.



1 In discussing the history of the
2 consolidation of grants on page 32 you are dealing
3 with some of the educational history, I think that
4 is most critically important of all to educational
5 publishing in this province and we don't need to
6 take time to pursue them now because your points
7 are well made. I just want to draw attention to
8 them for the record.

9 MR. HUGHES: May I interject there,
10 Dr. Jeanneret, that I think this is the single
11 most important happening in relation to educational
12 publishing in Ontario which represented 45 per
13 cent of the market.

14 DR. JEANNERET: Explain what you mean
15 by "this".

16 MR. HUGHES: I am referring to the
17 fact that while the Department of Education says
18 that the money available for textbooks was not
19 reduced the fact was that this and all other
20 stimulative grants were rolled into one grant
21 which then was given as a lump sum to the school
22 boards. Now, school boards these days are very
23 unhappy people because they are pressed from the
24 taxpayer on the one hand, from the teachers'
25 federations on the other and they are pressed
26 from the standpoint of making payments on buildings
27 and so on, and the textbook is one thing that
28 can go.

29 DR. JEANNERET: School books can't
30 compete with teachers' salaries.



1 MR. HUGHES: And, in fact, a little
2 later on when I come to the quality of Circular 14
3 I think that probably they are making a wise choice
4 but it hurts the publishing industry, that is,
5 they are making a wise choice in that the incitement
6 is not in the books that are being offered.

7 DR. JEANNERET: On page 46 you move
8 into college stores. Assuming that all expenses
9 and costs are set forth on a true cost basis --
10 and they are not always set forth on that basis
11 as you know -- would you expect that the average
12 college store, Canadian university, should be
13 capable of being operated at a profit at the same
14 time that it gives adequate service and carries
15 adequate stock or if not at a profit, do you think
16 it could be made to break even having regard to the
17 fact that to a very substantial extent it is
18 dealing on 20 per cent merchandise, unthough this is
19 less true today than it was?

20 MR. HUGHES: The college book store
21 is providing an almost plain bridge service to the
22 student or the college library which is a quite
23 different service and whether or not it makes a
24 profit I think is immaterial when one puts this
25 beside the service that is offered. I agree with
26 you that if you are dealing primarily in short
27 discount books with the costs of doing business
28 today, even if your rent is at a nominal figure
29 or part-time help is used or any other type of
30 saving like that takes place, it would be very



1 difficult to come up with a profit. In fact, it
2 seems to me there is something wrong in coming up
3 with a profit in that kind of service institution.
4 It would help immeasurably probably to give better
5 service, I mean you would have a stronger argument
6 but I don't really feel that this is the important
7 role that he should be striving for.

8 DR. JEANNERET: Thanks, Mr. Hughes.
9 Those were my questions. I would like to ask a
10 great many more but I just wanted to draw out some
11 of the points you have made in your brief.

12 THE CHAIRMAN: Mr. Hughes, I note
13 that you remarked that the federal government is
14 up to its neck in education and we have had some
15 remarks about Mr. Pelletier's statements. Were
16 you at a particular meeting when he made certain
17 statements?

18 MR. HUGHES: Yes, I have a copy of
19 his text. It was simply a hint that maybe they
20 should consider the textbook author. Now, I
21 don't know whether he was referring to the college
22 author, the elementary high school author, but
23 maybe they should not rule out textbooks and I
24 make a particular point here which is not mentioned
25 in the brief and that is in relation to translation.
26 There are many textbooks that could be moved from
27 French to English or vice versa and for general
28 books or books in certain fields the Canada Council
29 will pay the translation costs or a portion thereof
30 but the minute it smells textbook the answer, I



1 believe is no, at least it was the last time I
2 tried it.

3 THE CHAIRMAN: Are you aware, aside
4 from the Canada Council, of any participation
5 by the federal government in the book publishing
6 industry either by way of contributions to its on-
7 going growth or are you aware of anything that
8 they have done?

9 MR. HUGHES: Well, obviously it
10 was federal money that paid for the best profile
11 that we have and they are a publisher in their own
12 right. You are leaving those things out?

13 THE CHAIRMAN: I am leaving those
14 things out.

15 DR. JEANNERET: They have the
16 Social Science Research Council in Canada but they
17 are funded with Canada Council money.

18 THE CHAIRMAN: We are obviously not
19 talking about: I am talking about the general
20 publishing industry. Is there anything that you
21 are aware of that the federal government has done
22 to assist in resolving the problems tangibly?

23 MR. HUGHES: They have talked
24 both inside and outside, they held a conference
25 dealing with this problem. I am not aware of any
26 action that has resulted or any participation
27 and the brief answer to your question, sir, is no.

28 DR. JEANNERET: What about the
29 interdepartmental committee on books and exhibits
30 abroad and so on?



1 MR. HUGHES: Yes, I was thinking
2 of participation as a publishing act. In terms
3 of participation in the distribution of books and
4 especially the distribution of books abroad they
5 have been very active, the Departments of External
6 Affairs and Industry, Trade and Commerce in
7 particular and they are funding a display at Dallas,
8 they had a representation at Brussels and they
9 have, for several years, assisted in a massive
10 participation at Frankfurt which is very important.

11 THE CHAIRMAN: I am quite sure
12 between you and Dr. Jeanneret I will get the answer
13 to the question I put.

14 DR. JEANNERET: I do not want to
15 fail to give you one I can assure you.

16 THE CHAIRMAN: I will arrive at some
17 sort of definitive answer although it might take
18 a little while. You said that the federal government
19 is up to its neck in education. What did you mean
20 by that?

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1 MR. HUGHES: I meant the money
2 that was spent in assisting technical education
3 at the high school level primarily in this
4 country over the past few years. This program
5 is now phased out, I believe, the massive aid
6 that is given to college or post-secondary
7 education.

8 THE CHAIRMAN: Would you agree
9 with the statement that we have referred to in
10 our interim report to the provincial government,
11 would you agree with the statement that we put
12 in it by Mr. Pelletier, which says -- which he
13 made in his speech on March 2nd, of which you
14 are undoubtedly aware. He said:

15 "Much will have to be done
16 in cooperation with the provinces
17 who, I am aware, are greatly
18 concerned with the problem. The
19 Government of Ontario has appointed
20 a Royal Commission on publishing
21 problems in order to find solutions as
22 the efforts of all government
23 bodies are not being coordinated."

24 Would you agree with Mr. Pelletier on that
25 kind of statement?

26 MR. HUGHES: I think so, yes. That
27 is not the statement, of course, that I was
28 referring to in the same speech.

29 THE CHAIRMAN: I am aware of that.
30 I wonder if you agreed with the position?



1 Now, the start-up of your company
2 in Canada, to what extent, has it been enlarged
3 more by working capital provided by your parent
4 company, which is Litton Educational Publishing,
5 or was it by way of inventory? What basically --
6 I don't want you to disclose anything that would
7 embarrass you ---

8 MR. HUGHES: I am going to ask
9 Mr. Sims to answer that.

10 MR. SIMS: Basically there was
11 no capital, further capital invested in our
12 corporate group. The financing takes place,
13 allowance for extended terms and inventory where
14 they are needed.

15 THE CHAIRMAN: That is basically
16 the position?

17 MR. HUGHES: We were advanced a
18 certain small amount of money which was paid back
19 in a very few months and from there on it is
20 long-terms on inventories only.

21 THE CHAIRMAN: Do you have access
22 to the parent company for capital if you so
23 require it?

24 MR. SIMS: We do. However, they
25 will encourage us to take up our own bank credit
26 line if we can do so. We feel it is more
27 expedient.

28 THE CHAIRMAN: On page 8 of your
29 brief you mention the question of ownership,
30 certain advantages that accrue to a subsidiary



1 company operating in Canada and you say:

2 ". . . some improvement of
3 credit lines occurs simply because
4 the company is part of a bigger
5 corporation and therefore
6 presumed more likely to be
7 able to pay its debts."

8 This is the kind of thing you have had in your
9 operation?

10 MR SIMS: I think one can say
11 that if you are part of a larger group, whether
12 it be part of a U.S. group or any other group,
13 that if your shares are publicly quoted on one
14 of the international exchanges, that it gives
15 you a stature with which to approach your
16 bankers, which you do not have with a private
17 company. It also gives you the facility, if
18 you need it, of having your indebtedness within
19 your parent company's covenant.

20 THE CHAIRMAN: Do you consider
21 this in any way gives your firm -- there is
22 nothing wrong with this -- gives your firm a
23 competitive advantage over, say, a Canadian-owned
24 publishing firm that does not have access to
25 this kind of capital or, indeed, sales management
26 outside the country?

27 MR. SIMS: I think this can be
28 answered in two ways: (1) I think you can look
29 at Van Nostrand Reinhold Limited in its first
30 basic function, the first basic function to be



1 undertaken, that is, distribution, a distribution
2 point for books from our U.S. parent and also
3 our British subsidiary. We are in a position of
4 not needing to stint ourselves on inventory.
5 We can have books more readily available than
6 an independent agent might have, give better
7 service in this regard.

8 THE CHAIRMAN: To what extent
9 does your firm engage in the educational textbook
10 publishing segment of the industry?

11 MR. HUGHES: As deeply and as
12 rapidly as it seems prudent. We have to date
13 published three books, one of which is on the
14 1971 Circular 14 and two others are in English
15 literature and might qualify for that circular.
16 This is the real reason for our company being
17 in existence, because the parent company is
18 smart enough to know that through an agency
19 relationship, this type of publishing would never
20 happen. It is certainly the reason for my
21 involvement in it.

22 THE CHAIRMAN: The agency end
23 of your operation, which is an agency, if you
24 will, of the parent?

25 MR. HUGHES: In the elementary-
26 high as an agency, yes. We have four quite
27 different companies, three of them part of our
28 organization and the other one an agency
29 relationship. We have a general line of
30 books from the American book company. They are



1 very good materials. Some of them, as I mentioned
2 earlier, not necessarily suitable in Canada, but
3 others that meet a real need, especially in these
4 days, a great need for peripheral books that
5 touch on subjects in concentrated, but rather
6 small areas, and to this extent, it is not the
7 largest part of our business. Our business is,
8 first college, second trade and third el-hi

9 THE CHAIRMAN: On page 12 you
10 say:

11 "In establishing Van Nostrand Reinhold
12 Ltd. in Canada the intention was and
13 is to publish specifically for the
14 Canadian market although clearly
15 the initial fiscal base for such
16 publishing would have to be established
17 through the sale of imported
18 books. This has been a classic
19 pattern in Canada whether the
20 company in question is
21 owned within Canada or
22 externally."

23 Is that the prospect of any Canadian-owned
24 book publishing firm starting up, it is not right
25 that it would not occur?

26 MR. HUGHES: I have not found
27 investors running around with fists full of
28 money to put into it and I have had some
29 experience in that aspect. The thing is this:
30 We have some 5000 titles with which to earn money



1 to pay a staff. We have now a staff of 29
2 persons, an adequate service facility, adequate
3 field coverage and so on. If I start my Canadian
4 company, I start with two people, a little office
5 some place and it will be five years before I get
6 to the point where I am now. That is the difference.
7 Besides which, I had no access to such capital.

8 THE CHAIRMAN: On page 10 you
9 say:

10 "Information in book form that
11 is limited to one national viewpoint
12 is insular and will produce insular
13 thinking if not balanced by
14 other views."

15 I wonder if, with your experience in the United
16 States, that the people of the United States
17 enjoy the kind of balance that you speak of here
18 or ---

19 MR. HUGHES: I think they do.
20 At least at one time they did not and I think
21 it was probably the most serious defect in an
22 otherwise advanced educational system, that
23 it was decidedly insular and has produced the
24 kind of thinking that has resulted in many
25 aspects of the kind of world we have today.
26 We are living in this McLuhan's Global Village.
27 I see distinct problems with a book that is
28 too Canadian, for example, just as I would see
29 trouble with a book which is too Anglo-Saxon
30 Canadian as opposed to Franco-Canadian. I think



1 we have to think from the earliest grades in the
2 broadest possible gauge. We have to be ready
3 for a pluralistic world.

4 THE CHAIRMAN: We were just talking
5 about a review that I have in front of me, which
6 was in the Globe and Mail this morning. I
7 sometimes read the newspapers too. It was a
8 comment out of Washington having to do with a
9 book review on a book by Pierre Vallieres of
10 Montreal called "White Niggers of America".
11 Evidently a man by the name of Christopher
12 Lehmann Haupt, the great financier, a regular
13 reviewer for the New York Times, said the book
14 was "likely to have its place alongside the
15 writings of Malcolm X, Eldridge Cleaver, Che
16 Guevara and Regis Debray, thus listing a
17 virtual pantheon of revolutionary writers"?

18 "He called it an 'eloquent
19 revolutionary document that
20 clutches at one's throat like
21 a drowning hand', and he particularly
22 stressed that it should 'once
23 and for all dispel some myths'
24 about Canada, a country he said
25 that many U.S. residents regard as
26 a 'nanny in woollens - that grey
27 neutral zone that you flop into
28 if you step off the northern
29 edge of the United States'."

30 I wondered if that kind of attitude in the United



1 States by book reviewers or otherwise is the
2 kind of understanding that you have found
3 exists in the United States about Canada and
4 its fabric?

5 MR. HUGHES: It is regrettable.
6 I don't think we will see in the immediate
7 future any great impact can be made on the United
8 States' knowledge of Canada by Canadian school
9 publishing, but in Canadian trade publishing,
10 yes, if we are prepared to put out something other
11 than the boy lives in Winnipeg and loves girl,
12 type of thing. I think this type of
13 exposure of the Canadian problem is the kind
14 of thing that will excite them. There is nothing
15 breeds interest like a possible threat, and this
16 is a threat to those people who have been
17 thinking there is a grey space above the United
18 States on the map.

19 THE CHAIRMAN: Those are all the
20 questions for me. I don't know whether Mr.
21 Camp has any questions or not but we will ask
22 him.

23 Do you consider that in relation
24 to the textbook publishing segment of the Canadian
25 publishing industry that there is some responsibility,
26 for example, on the Department of Education to
27 alter its rules whereby Canadian-authored texts
28 are prepared and supported, if you will, and
29 brought forward, or do you think the system
30 that exists now where publishers and authors take



1 very substantial risks where the market is
2 diminishing is, in fact, satisfactory?

3 MR. HUGHES: Ontario has always
4 taken the leadership role, or at least for the
5 past twenty years, in promoting the interests
6 of the Canadian book and, as a Canadian, I think,
7 looking back over the twenty years, this has
8 been a valuable role. For this reason, even
9 as an American subsidiary, I find our house
10 is for that kind of encouragement for the Canadian
11 book. It is the reason we exist. I have to
12 look at it selfishly as well as nationalistically.
13 Canadian books be protected and supported but
14 I submit that at the present time a Canadian
15 book can be published, can make its way
16 through the qualification screen to Circular 14,
17 and make as much impression in the back of the
18 publisher's pocket or in the educational world
19 as a rain drop in a mud puddle, because it
20 now joins a group of 1400 books. It is very
21 hard to find new books among some of the old
22 doggies that are Circular 14.

23 THE CHAIRMAN: You mentioned
24 some of them have been on them any number
25 of years?

26 MR. HUGHES: One book I was
27 personally involved in has been in there for
28 17 years and by any measure that I can think
29 of in the publishing world, with education moving
30 at the speed it is, a book 17 years old has



1 either been passed by for the method in which
2 the standpoint, standpoint of the content or
3 standpoint of design, standpoint of the format.
4 We have lost, a book like that has lost
5 the reliance of the teacher because it is
6 a question of the old dogs mixing up some
7 very, very good new matériel. I submit it is
8 material listed there for replenishment purposes
9 and I don't know why we should replenish them.
10 Then it should be done in some other kind of
11 repository.



1 MR. CAMP: I apologize for my
2 tardiness. I did not indicate lack of interest
3 in your submission. On page 40 you say:
4 " -- the revenue from publishers'
5 sales and promotional expenses
6 on a per title basis is reducing, --"
7 Just so I can ask a question, is this revenue from
8 promotional expense or am I not reading this right?

9 MR. HUGHES: I am sorry, I cannot
10 find it.

11 MR. CAMP: I just mean to go on there.

12 MR. HUGHES: I am sorry, there should
13 be a comma after the word "sales" --

14 " As a result, the revenue from publishers'
15 sales ... is reducing, while those
16 expenses (including complimentary
17 examination copies and desk copies) are
18 rising."

19 MR. CAMP: Is that promotional
20 expense to cost of sales?

21 MR. HUGHES: There are many ways
22 of considering whether you consider complimentary
23 copies in there but by and large I think 4 per
24 cent is a sort of rule of thumb. I seem to recall
25 that the industry survey done by the Canadian
26 Textbook Publishers' Institute puts it about that
27 range. If it gets much higher it could get higher
28 in trade publishing but there we have a little bit
29 more per unit to play with.

30 MR. CAMP: You say the cost of trade



1 publishing is higher?

2 MR. HUGHES: Yes, sir, because you are
3 dealing with a shorter run of books and you are
4 dealing with a higher unit price. Textbooks are
5 really a great bargain in terms of quality, paper,
6 illustrations and so on. They are priced very
7 closely.

8 MR. CAMP: Well, as you know,
9 there is a contrary opinion about the reasonableness
10 of the cost of textbooks, particularly at the
11 university level.

12 MR. HUGHES: Apparently so.

13 MR. CAMP: I think we have had evidence
14 here that some of the charges for college textbooks
15 are exorbitant. Who was that, Dr. Jeanneret?

16 DR. JEANNERET: I think you are
17 referring to the price after importation.

18 MR. HUGHES: May I comment on that?

19 MR. CAMP: Yes.

20 MR. HUGHES: This is something over
21 which, of course, publishers as a group do not
22 have control and it is up to the individual
23 publisher. I am not here to say what the costs
24 of an individual publishers are on importations.
25 I do know that this is a more expensive country in
26 which to do business, to begin with 4,000 miles
27 long and only 200 miles wide. Right in this day
28 I am only a small company but I have a man at
29 Calgary and a man in Quebec City and another man
30 in St. John's, Newfoundland, and I don't know where



1 the others are but they are scattered around and
2 it is expensive and you can't do business on the
3 same margin as you can in the United States. But
4 I would say this, that as a subsidiary publishing
5 house we are in a particularly favourable position
6 in mark-up there, that is, we can keep it to a
7 minimum but there is no way that I can visualize
8 as a publisher that the price can be the same
9 as it is in the United States or even the 6 per
10 cent that is suggested in there.

11 MR. CAMP: Every percentage point
12 counts.

13 MR. HUGHES: That is right. We
14 would much rather have a fixed dollar because it
15 is a very expensive business to change prices and
16 we can't go up and down with the fluctuation of
17 the dollar.

18 MR. CAMP: You are anticipating me.
19 Then there is no adjustment in, say, a textbook
20 which costs \$15 and \$20 Canadian when it was
21 an American and the dollar was 9 cents, say,
22 differential, and now?

23 MR. HUGHES: Well, first in the
24 \$20 book the price to the publisher importing this
25 probably would be somewhere around \$10 so that
26 you can't reflect an 8-cent change in the dollar
27 over the whole \$20, you can only do it over the
28 \$10. Secondly, in our case we have adjusted to a
29 95-cent dollar and we will adjust beyond if we
30 can get some assurance that we don't have to



1 bring it up and down like a yo-yo.

2 MR. CAMP: That is this year over
3 last year, you mean?

4 MR. HUGHES: We have had to reduce
5 the prices since the first change of the dollar.

6 MR. CAMP: So one would find the
7 same textbook this year 5 per cent cheaper than it
8 was last year?

9 MR. HUGHES: I would dearly love
10 to agree with you but the fact is, of course, that
11 prices of books each year go up and, in fact,
12 you will find a \$20 book this year instead of being
13 \$21 it is maybe \$20.50 or something like that
14 but we are facing part of the American inflation
15 cycle when we import a book from there.

16 MR. CAMP: Now, on page 41 you
17 talk about playing it safe by printing less than
18 economical quantities -- and if I am asking
19 something you cannot answer please let me know --
20 are you referring here to a Canadian phenomenon
21 or an American phenomenon? In other words, are
22 books being printed in the textbook field by your
23 publisher who plays it safe by printing less than
24 economical quantities?

25 MR. HUGHES: I think we are all
26 reducing our base figure because of the options
27 and because of the student buying on campus.
28 With the simple textbook which is nothing but
29 print and one colour and so on it is possible
30 to get down into a fairly low figure. It may be



1 1500 copies or something like that. You do pay
2 a slightly higher unit price when that happens
3 but generally because of many options -- I
4 heard of one course at McMaster University where
5 some 35 books were required for a one-year course.
6 Obviously some of the students aren't going to buy
7 all of them, or perhaps none of them and, therefore,
8 you have to project a much smaller figure.

9 DR. JEANNERET: It is well known that an
10 enrolment the estimate has been almost impossible
11 at the university level. We had one recommendation,
12 at least one estimate of the probable enrolment
13 of one course as being between 40 and 500 copies
14 for the next year. You can see how that goes right
15 up the chain and creates chaos.

16 MR. HUGHES: It is very unusual to
17 get an order for 500 textbooks of one title
18 from a college book store because there is a
19 very unhappy situation the next year. You receive
20 a return of 450.

21 MR. CAMP: I just have one more
22 question. Do I understand you on page 59 when
23 you are talking about the mass market paperbacks,
24 I believe is the subject, you recommend, "if other
25 means prove unworkable, a Canadian content rule"
26 and you cite an example starting off with at least
27 15 per cent for the first three years. Are
28 you with me?

29 MR. HUGHES: Yes, I am with you and
30 yes you read me right. Perhaps this is a rather



1 extreme view to take but I note, for example, that
2 book clubs that are under no stricture whatsoever
3 and whose management I believe is totally in the
4 United States except for one small Canadian club,
5 these clubs have managed, not because of any
6 nationalistic reason but because it was good
7 business, to place many new titles on their list
8 if only for the Canadian market. I object to the
9 fact that some of the Canadian content is not of
10 grade A or even grade B calibre. It is interested
11 in the mass and the mass market but it seems to me
12 that if there were some kind of content we could
13 sensibly apply over a reasonable period of time
14 so that there is no catastrophe involved here
15 that it would be a beneficial thing for the main-
16 stream of publishers.

17 MR. CAMP: You did it, I guess, with
18 records and broadcasting, for example. I just
19 wanted to make sure that you were not suggesting
20 here that this be voluntary because you go on to
21 say about book clubs and so on?

22 MR. HUGHES: I am suggesting that
23 this be a last measure if other things fail. I think
24 that a certain amount of moral pressure can be
25 applied first and maybe it would work. I am not
26 too cynical to think that perhaps it might go on
27 further but the emphasis would be on the judiciously
28 applied time-type of thing so that we get reasonable
29 quality.

30 MR. CAMP: We are doing this, of



1 course, with the broadcasting of music, we have a
2 Canadian content rule if we did it with regard to
3 the distribution and marketing of paperbacks,
4 the logic would suggest that you could consider
5 doing this in the textbook field or in the trade
6 book field.

7 MR. HUGHES: This applies only to
8 mass market paperbacks which are a completely
9 different thing from the paperback text which we
10 are all involved in. There is a fair Canadian
11 quantity here, there is no question about that.
12 I am talking about shelves that are automatically
13 filled with no control by the entrepreneur who
14 has the shelves on his premises.

15 MR. CAMP: We have suggested in the
16 textbook field it might be as high as 90 per cent.

17 MR. HUGHES: We have to start
18 with the fact that only 7 per cent of the English-
19 speaking world lives in Canada and there is a
20 great deal beyond Canada.

21 MR. CAMP: Thank you.

22 THE CHAIRMAN: Just in closing,
23 Mr. Hughes, I would like to comment on one remark
24 you made and attempt to amplify your horizon more
25 broadly. You said that Canada is only 200 miles
26 wide.

27 MR. HUGHES: That is pre-Rohmer.

28 THE CHAIRMAN: I would invite you and
29 your firm in the future to be very much conscious
30 that the country is several thousand miles wide and



1 embraces many cultures which are to be enhanced as
2 we go along. The potential of the country is
3 absolutely enormous even for the publishing
4 industry.

5 Thank you very much. It was a
6 very well prepared brief and we appreciate your
7 coming to see us.

8 -----
9

10 SUBMISSION OF THE ONTARIO LIBRARY ASSOCIATION

11
12 ---The hearing commenced at 11.00 a.m.

13 THE CHAIRMAN: Now, we have with us
14 the Ontario Library Association representatives,
15 Mrs. Irma McDonough, President. Would you tell us
16 please who it is who is with you?

17 MRS. McDONOUGH: Beside me is
18 Ronald Yeo from the Toronto Public Library and
19 he was the chairman of the committee which prepared
20 the brief and Mr. Fred Israel and Mr. Israel is
21 the Vice-President of the Association.

22 THE CHAIRMAN: We welcome you here
23 and would you be kind enough to touch on the high
24 points that you make in your brief?

25 MRS. McDONOUGH: Thank you.

26 Well, the Ontario Library Association
27 brief was written by a committee of nine people
28 but it was done in the name of an organization
29 representing 1,700 employees of library
30



1 staffs throughout the province and these people are
2 moved to -- I will have to get that -- because
3 libraries are non-profit organizations and the
4 consumers of libraries do not deal with books, their
5 interest is in the intrinsic value of books as
6 sources of information, inspiration and intellectual
7 recreation but they must be able to purchase books
8 on all facets of Canadian life in all forms to
9 fulfil a dual role as storehouses of Canadian culture
10 and disseminators of Canadian ideas and information
11 and it is in this context that we make our
12 representations to the Commission.

13 Perhaps I could deal just briefly
14 with our publisher relations. I am sure you have
15 heard much documentation of the deficiencies of
16 the Canadian publishers whose office procedure
17 and market promotion are not in keeping with modern
18 business efficiency.



1 In this regard I would like to
2 tell you that the Ontario Library Association
3 has good library-publisher relations in an action
4 group which has been working on standardization
5 reporting procedures and invoicing forms, et
6 cetera, and has sponsored voluntary workshops
7 to establish better communications and relations
8 between the two groups. The librarians
9 are not hostile nor apathetic to pressures,
10 of course, but rather, they recognize the
11 difficult economic situation in which the
12 indigenous publisher finds himself when
13 competition from the United States and, of course,
14 to a small degree from Britain in the English-
15 written book, which is based on price, which
16 is in turn based on volume of potential sales.
17 Economic reality does not favour the Canadian
18 publisher.

19 Because we feel that publishing is
20 a federal responsibility, the federal government
21 should assume responsibility for establishing
22 long-term, low-interest rate loans to support
23 the publishing industry, and this is one of
24 our recommendations. We think that an increase
25 in the Canada Council grants to Canadian authors
26 would assist the Canadian publishing industry,
27 the promotion of and expansion of a world-wide
28 market for Canadian publishing such as being
29 represented at world book fairs like the Frankfurt
30 Book Fair would also help.



agents whenever practical and when Canadian publisher/agents are able to demonstrate their ability to meet the needs of Ontario libraries."

We had a nay vote in our council meeting ---

DR. JEANNERET: Pardon me?

MRS. McDONOUGH: Sorry. Because some of the university libraries are quite unhappy with this particular recommendation in that they feel they lost out totally.

We do recommend that:

". . . the province support the development of Canadian owned media jobbers.

(3) that the commission examine the proposal that libraries of the province accept the net price for books authored, published and manufactured in Canada, rather than the discount price."

And the last recommendation we make is that:

". . . the provincial government produce a weekly list of all provincial government publications."

We have made many deputations to the Queen's Printer on this particular point and we are very happy that they have now promised to begin a weekly, or at least a monthly check list of all provincial government publications.



1 We feel very strongly that books
2 that reflect the Canadian facts are absolutely
3 vital to giving good library service in Ontario
4 and that is the onus of our brief.

5 MR. CAMP: I just want to get
6 some terminology straight. In recommendation
7 number 4;

8 ". . . the founding with Canada
9 Council grants of an independent
10 national publication to review
11 all Canadian media."

12 Do I understand that means all media, or do
13 you have anything in particular?

14 MRS. McDONOUGH: We feel books,
15 as well as those audio-visual materials that
16 come into it.

17 THE CHAIRMAN: What do you
18 mean by "audio-visual material"? Is this in
19 the educational field?

20 MRS. McDONOUGH: All aids,
21 records, tapes and films.

22 MR. CAMP: This relates to books
23 and that kind of material?

24 MRS. McDONOUGH: All of that
25 information, including periodicals, of course.

26 MR. CAMP: I have no further
27 questions, other than to say, is it your view
28 the provincial government accept the
29 responsibility for Canadian publishing, because
30 it is not easy. Would you tell me what you mean



1 ". . . that the province support
2 the development of Canadian owned
3 media jobbers."

4 Have you any suggestion as to how they do that?

5 The second recommendation is
6 with regard to the Province of Ontario.

7 MR. YEO: I think our concern
8 here, Mr. Chairman, is we need the developpment
9 in Canada and in the Province of Ontario of at
10 least one strong jobber. We would like to see
11 this development Canadian owned, Canadian operated.
12 We would like to see the control of this kept
13 in Canada and if the government can support it
14 by way of long-term, low-interest loans, I think
15 this is what our thinking was.

16 DR. JEANERET: You are so forthright
17 in some of your views that you express that it
18 is refreshing coming from an Association made
19 up of such a cross-section of professional people.
20 I think it would be helpful if you would explain
21 briefly just whom it is you represent, of whom
22 is the O.L.A. composed and what are academic
23 librarian relationships -- you mentioned a vote
24 from that quarter on one recommendation, for
25 instance. How representative are you? I think
26 this would be helpful.

27 MRS. McDONOUGH: I did mention
28 there are about 1700, over 1700 members. These
29 are public librarians which, Regional Public
30 Library Division is the largest division of the



1 Ontario Library Association with about 900 members.
2 In college and university libraries division, the
3 school libraries division, and the trustees
4 division. The trustees are those who are lay people
5 on library boards, public library boards. We
6 have libraries as institutional members, publishers,
7 publishers as members, and friends of libraries,
8 who are represented.

9 DR. JEANNERET: There are two or
10 three points in the brief that make it sound almost
11 more like a publisher's brief than a librarian's
12 brief. At the bottom of page one you start
13 in a sentence:

14 "Larger and larger discounts on
15 book prices for libraries of all
16 kinds are placing Canadian publishers
17 in a disadvantageous position.
18 They cannot compete with large
19 American conglomerates. Net
20 pricing for libraries may bring
21 down the price of books for the
22 general public and so may encourage
23 the buying and reading of books
24 by a larger number of Canadians."

25 Would you expand on that idea? I am not
26 absolutely sure I follow it. At least, it is
27 a very frank statement.

28 MR. YEO: If I may answer that,
29 Mr. Chairman. We feel that this whole business
30 of discount pricing for institutions has in the



1 past proved to be somewhat restricting on one
2 hand. The purchasing of books. It has been
3 acting, on the other hand, as sort of a blinding
4 kind of influence where a total discount for a
5 house is offered. Institutions may or may not
6 support that -- the publishing of this house
7 because of the discount. In some of the publishing
8 that has been done by this house, there may be
9 very important materials that should be bought,
10 but because of the sort of locked-in feelings
11 that we get on discounts, sometimes this works
12 to the disadvantage of these publications.

13 We also feel that institutional
14 business is a significant part of the market
15 and the present and past discount arrangements
16 are an anachronism that was probably set up
17 for a different reason in the beginning and
18 for a non-profit organization which doesn't
19 have a reason for existing today. We want to
20 know what the books cost. We don't want to
21 be blinded by glorious discounts.

22 DR. JEANNERET: That sounds like
23 a very perceptive observation, if I may make
24 that comment. No doubt your first recommendation
25 in the Province of Ontario series is the most
26 revolutionary one and I don't intend to dwell
27 on it too long. It contains a proviso that
28 needs a little discussion. You recommend:

29 ". . . that public institutions
30 as a condition of receipt of



1 provincial funds be required to
2 adopt formally a policy to buy
3 through Canadian publisher/agents
4 whenever practical and when
5 Canadian publisher/agents are
6 able to demonstrate their
7 ability to meet the needs of
8 Ontario libraries."

9 What about this proviso? How can this be
10 administered practically? I realize the problem,
11 but would there be a board, would it be a matter
12 of reviewing the situation from month to month
13 or year to year, or something like that? Have
14 you any ideas on this at all?

15 MR. YEO: I think our ideas were
16 mainly that the individual purchaser, individual
17 institution, would have to decide this.

18 DR. JEANERET: It is pretty
19 subjective, though.

20 MR. YEO: It is subjective but
21 we do have instances where institutions do try
22 very hard semi-annually, quarterly, to test
23 the market again to see whether they are,,in
24 fact, the publishers are capable of providing
25 the service.

26 DR. JEANERET: One other: On
27 page 2 you refer, two-thirds of the way down,
28 to:

29 "Accountability to the development
30 of Canadian culture and Canadian



1 education must be accepted by
2 the publishing industry and
3 demonstrated through increased
4 investment of capital . . ."

5 et cetera.

6 I am taken up with the business
7 principle of accountability, but would you enlarge
8 a little on your statement that an increased
9 measure of accountability might become evident
10 on the part of the industry? Are you using
11 this in any particularly technical way here?

12 MR. YEO: Not in a technical
13 way, I don't think.

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1 I think it is the other side of the coin. If
2 we take up our responsibilities to support Canadian
3 publishers than there must be on the other hand a
4 responsibility taken up by the publishers to
5 provide us first of all with the Canadian materials
6 that we so urgently need and, secondly, with the
7 service that we must have if we are going to do
8 business. This is an accountability to the
9 culture of Canada, to the Canadian culture. We
10 have felt in the past that perhaps not enough of
11 the profits that were made by Canadian publishers
12 were turned back into publishing Canadian items.
13 We would like to see more energy devoted along
14 this line and if, indeed, financial support
15 in one way or another does come from either govern-
16 ment we would expect that there would be an
17 increase in the amount of Canadian materials made
18 available to us.

19 DR. JEANNERET: The Canadian
20 materials we so urgently need, you see examples
21 all around, do you?

22 MR. YEO: Yes.

23 DR. JEANNERET: And finally would
24 you make any comment that you care to make on the
25 adequacy of provincial library grants of a general
26 nature, in relation to your ability, for instance,
27 to serve school communities?

28 MR. ISRAEL: Mr. Chairman, I
29 think that the members at the table today are
30 representing the public library point of view from



Toronto, Ontario

1 our personal experience but the funding of school
2 libraries has increased where the provincial grants
3 for public libraries in the last two years
4 specifically have decreased, in fact it has, you
5 might say, frozen at a point and the percentage of
6 provincial grant in the total expenditure of the
7 public library services, therefore, is decreasing
8 and this can only have an effect on the amount
9 and the quality of materials which are being bought
10 for the public libraries. Items such as salaries,
11 fixed costs, capital costs, are fixed into budgets
12 when budgets are determined and are often determined
13 after they have been set by outside authority
14 and I refer to municipal authorities. These
15 are then decreased, the amounts of money available
16 for the purchase of books are decreased as one
17 of the few items in a budget which have any
18 flexibility at all.

19 DR. JEANNERET: I suppose that you
20 experience somewhat the same situation as in the
21 educational field in relation to Circular 14
22 that the book grant was unearmarked, so to speak,
23 and consolidated and you are up against the same
24 situation where the book firm may be part of the
25 cushion.

26 MR. ISRAEL: Gentlemen, quite a
27 few years ago -- I am afraid I can't give you the
28 number of years -- but many years ago the provincial
29 government did have a grant on book purchases. This
30 has been wiped out, I would say 15 or 20 years ago,



1 maybe longer. A year and a half ago our provincial
2 grant for public library purposes was consolidated
3 in the same way as you say, by no longer having any
4 incentives, any specific categories within the
5 grant formula now. It is simply based on a per
6 capita formula for the community. It takes in no
7 consideration of accounting by the public
8 libraries in that community for the population they
9 are serving, the nature of that population, the
10 economic viability of that community to support a
11 library.

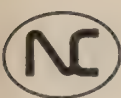
12 DR. JEANNERET: They might buy no
13 books at all, for argument's sake?

14 MR. ISRAEL: Yes.

15 THE CHAIRMAN: I should have thought,
16 Mrs. President, that this is a fact you might have
17 covered in your brief because it is obviously the
18 kind of situation that should be remedied or cured.
19 I wonder if you would be kind enough to consider
20 giving us a supplementary brief which covers the
21 points raised to see whether or not there might
22 be some recommendation you could put forward to us
23 which will help your situation? Will you do that?

24 MRS. McDONOUGH: We will be glad to
25 do that.

26 THE CHAIRMAN: At the same time would
27 you consider whether or not you feel your
28 association or members would be prepared to receive,
29 if you will, guidelines from whatever source in
30 relation to the whole question of the purchasing of



1 books whether in connection with buying around or
2 the acquisition of Canadian-authored books or
3 things of this kind? A very great deal of the
4 publishers are concerned about the libraries.

5 Well, you have said that public
6 institutions -- and I consider you are including
7 yourselves -- to receive provincial funds be
8 required to adopt formally a policy to buy good
9 Canadian publishing media wherever possible.
10 Nevertheless it is Mr. Yeo's position that this
11 should be a decision left to each library. I
12 am wondering what your reaction would be -- you
13 don't have to give your answer at this point --
14 to guidelines which would perhaps come from a
15 more central source than each library individually.
16 It is just something that you might consider if
17 you do prepare a supplementary brief.

18 I wondered, in connection with a
19 point that Mr. Camp raised, if you consider the
20 responsibilities purely federal responsibilities,
21 have you any idea as to how that responsibility
22 might be drawn to the attention of the federal
23 government for purposes which exist now or in the
24 future? You might assist us in this regard.
25 You may not have an answer to the question at the
26 moment. Neither do we at this point.

27 MR. CAMP: Could I just ask: Have
28 you ever considered the practicality or
29 desirability of the Canadian authors receiving
30 some benefit in lieu of royalties from books loaned



1 through your libraries?

2 MR. YEO: I believe this has been
3 considered on and off in past years. I would
4 point out that at the Canadian Library Association
5 Convention in Winnipeg some eight or nine years ago
6 a presentation was made to the Canadian
7 Library Association who invited the publishers to
8 appear from a Scandinavian country dealing with
9 this matter. I think I for one was rather surprised
10 that it seemed to drop there, that there seemed to be
11 no interest.

12 MR. CAMP: May I interrupt you?
13 You made reference to Scandinavian countries?

14 MR. YEO: Yes, I believe it was --

15 MR. CAMP: They have a practice?

16 MR. YEO: Yes.

17 MR. CAMP: What do they do?

18 MR. YEO: The end result is that an
19 author does receive some sort of recompense from
20 the lending or distribution of his books through
21 libraries.

22 DR. JEANNERET: I understand it has
23 been recommended in England recently.

24 MR. YEO: All I want to point out at
25 this point is that the Canadian Library Association
26 back then felt it was a point to be discussed and
27 that the Canadian Library Association invited this
28 presentation to present to the publishers and authors
29 and very little has come of it.

30 DR. JEANNERET: It would go a long way



1 towards solving the copying problem.

2 MR. CAMP: When you say, very little
3 response, was there any response at all from the
4 publishing industry?

5 MR. YEO: As far as I am concerned
6 I know of none.

7 MR. CAMP: Was there any from the
8 authors?

9 DR. JEANNERET: I think we are going
10 to hear a response in future briefs.

11 THE CHAIRMAN: Thank you very much,
12 we would appreciate it if you could augment your
13 brief with a supplementary one which would be
14 appreciated very much. We will take a break for
15 about five minutes.

16 ---Recess.

17 -----
18

19
20 SUBMISSION OF W.H. SMITH & SON (CANADA) LTD

21 THE CHAIRMAN: Mr. Renison and
22 Mr. Quick, W.H. Smith & Son (Canada) Ltd. We would
23 ask you to hit the high points with a summary or
24 whatever you wish to do. We have been over your
25 brief, I hope very carefully.

26 MR. RENISON: Mr. Chairman, thank you
27 very much. I would just like to say that I am
28 the President of W.H. Smith & Son, book sellers and
29 have no financial interests in any publishing
30 house or subsidiaries. We are vitally concerned,



1 however, with a healthy publishing industry and
2 hence we are here today.

3 Mr. Quick is the Merchandising
4 Manager of our company and is mostly concerned with
5 dealing with the publishing, the acquisition of the
6 publishing side of our company and he will speak to
7 our brief.

8 MR. QUICK: Perhaps I could just
9 summarize our brief shortly. In our brief we begin
10 by identifying our activities and our concerns.
11 Mr. Renison told you that W.H. Smith does not
12 publish books: we operate retail book shops of a
13 general nature and we are, therefore, concerned
14 chiefly with the trade publishing. We are dismayed
15 by the specifically anti-American tone of many
16 current comments regarding the publishing industry
17 in Canada and by the suggestion that American
18 publishers threaten our national identity. We
19 believe this is not the case and that Canadian
20 identity is not usefully defined in terms of
21 opposition to an American identity.

22 We point out that the publishing in-
23 dustries in Canada and the United States differ
24 in the degree to which they can service their own
25 markets. The U.S. industry serves the requirements
26 of American readers more or less fully. We think
27 that there is ample evidence that the Canadian
28 industry does not, and at this time cannot, do so.
29 In consequence, we believe Canadian control of the
30 publishing industry offers no real advantage to the



1 Canadian reader. We have particularly strong
2 feelings about quotas and underline our belief that
3 the Canadian public will not be served by the
4 imposition of quotas of Canadian material to be
5 handled by book sellers.

6 We comment on the role of governments
7 as publishers and book sellers, suggesting that
8 they should officially promote the sale of their
9 own more popular books and trade books and should
10 consider subsidizing their publication by the
11 private publishing companies. We go on to speak
12 of governments in the role of subsidizers of
13 commercial publishers and we ask that governments
14 should not subsidize the general operations of
15 publishers in Canada.

16 We believe it would be preferable
17 to subsidize particular books instead of book
18 publishing programs. In our brief we also suggest
19 that the duty levied on imported books should be
20 removed and finally we ask that governments
21 should consider ways to assist in the promotion of
22 Canadian books through a tax concession on advertising
23 costs and establishment of competitive prizes.

24 DR. JEANNERET: Just three or four
25 questions to clarify points, since your brief is
26 perfectly straightforward. You don't at any point
27 in it make clear the nature of your ownership.
28 You are a wholly-owned British subsidiary?

29 MR. QUICK: We are a wholly-owned
30 British subsidiary. The Canadian company is



1 domiciled in Canada, its management is Canadian
2 and most of its directors are Canadian.

3 DR. JEANNERET: On page 4 you make
4 a reference which can be interpreted in a
5 different way than I am choosing to interpret it
6 here. You say,

7 " ... that Canada, relative to the whole
8 English speaking world, has few people
9 who can actually write good books."

10 You are speaking about ratios?

11 MR. QUICK: It is ratios we are
12 talking about. I don't think it is likely that
13 such a small population --

14 DR. JEANNERET: I think you have
15 it the other way around. You don't mean that
16 we have a poor ratio of people?

17 MR. QUICK: No, just that we do not
18 have enough to supply all our readers.

19 DR. JEANNERET: You make a
20 reference at the bottom of page 5,

21 " ... and in a recent publicized case,
22 bankrupt publisher of original Canadian
23 material."

24 I am not sure who you are referring to.

25 MR. QUICK: I was referring to
26 Ryerson.

27

28

29

30



1 MR. QUICK: I am sorry.

2 DR. JEANNERET: It threw me to
3 think it could be Ryerson. I have one important --
4 I feel important question to ask you -- it is
5 not capable of a definitive answer, but I think
6 it is a question that those who take your
7 position regarding the unimportance of the degree
8 of foreign ownership of publishing in Canada
9 have recommended. You express throughout your
10 brief, throughout your summary, a kind of
11 thoughtful indifference to the ultimate ownership
12 of the Canadian book publishing industry. I think
13 that might be a fair statement. Now, in the
14 event of a total or virtually total foreign
15 take-over, would you mind telling us what
16 publishers would be likely to publish the books
17 in the future in which we would read the
18 story of the sale of Ryerson or the sale of
19 Gage, or even extensive accounts of the issues
20 that are before this Commission. Do you follow
21 my question?

22 MR. QUICK: I am sorry, I don't
23 think I do.

24 DR. JEANNERET: Would you expect
25 the subsidiaries of foreign publishers to
26 cover the issues that have brought this Commission
27 into being, dispassionately and hopelessly
28 inadequately, or at all?

29 MR. QUICK: I think we reasonably
30 could.



1 DR. JEANNERET: This is an
2 observation, then. That is all.

3 MR. CAMP: In your summary
4 number 9:

5 "Governments should consider ways to
6 assist in the promotion of Canadian
7 books through tax concessions on
8 advertising costs . . .",
9 stopping right there. So that I understand you,
10 advertising costs, of course, are not subject
11 to tax. Have you got some extra -- are you
12 suggesting some further advantage?

13 MR. QUICK: I was asking that
14 they might be allowed greater than 100 per cent
15 of costs, 150 per cent of costs, I suggest.
16 It could be any figure higher than 100 per cent.

17 MR. CAMP: This would apply to
18 any publisher in Canada promoting Canadian
19 books or promoting all books?

20 MR. QUICK: I think it should be
21 applied to books which are published in Canada.

22 MR. CAMP: I am fishing for your
23 definition of "a Canadian book".

24 MR. QUICK: As you see from the
25 brief, we found it very hard to define.

26 MR. CAMP: Exactly.

27 MR. QUICK: A book which was
28 created and published in Canada, I think might
29 be well subsidized in this way, that is, that
30 the publisher, whether Canadian-owned or foreign-



1 owned, might have a larger than 100 per cent
2 advertising allowance for a book.

3 MR. RENISON: Mr. Camp, if I might
4 amplify that slightly, I think our feeling is that
5 large, well-known, for the sake of this discussion
6 we will say American books, which have national
7 advertising, a spill-over, no matter what kind
8 of form you get, the advertising is tremendous
9 and is never mentioned in the Canadian press,
10 That really takes very little local advertising.
11 As you know, I think some Canadian publishers
12 have not been noted for the advertising
13 campaigns they put out for their own work and
14 we feel that we should encourage a book and
15 loosely describe it as a book, a Canadian-
16 published book, that more incentive to advertise
17 and have it well known in its own country is
18 desirable. It is not likely it is going to
19 be advertised to any extent outside of Canada.
20 For instance, a book printed and written -- taking
21 an extreme example -- written by a Canadian
22 citizen about Canada in Canada and printed in
23 Canada by a Canadian publisher, it is a sort
24 of Simon-pure example. We have mentioned in
25 our brief it is the rather difficult definition
26 of a book photographed in Italy, printed in
27 Spain and produced in Canada.

28 MR. CAMP: Well, would it be
29 fair of me to ask -- I know you say so -- what
30 is your promotion budget for books that you are



1 selling, an annual promotion budget?

2 MR. RENISON: In our own case
3 I think it is a little difficult to -- we would
4 be glad to submit it. It works on a percentage
5 of sales. If I might express it this way, we
6 do not advertise usually -- I mean set an
7 advertising allowance for any single book.
8 We set an advertising allowance for sales.
9 The normal custom, not only in Canada, but
10 everywhere, is to set -- the publisher advertises
11 his specific book and often then makes
12 cooperative arrangements with the book sellers,
13 for instance, authors who share costs of
14 large advertising space. In Canada this would
15 be particularly attractive and would give far
16 more publicity to Canadian books.

17 We also feel that, as you have
18 noted in other places in the brief, that other
19 organizations in government and government
20 facilities could do a lot more to make known
21 what is available.

22 MR. CAMP: For the record, do
23 these arrangements stand in the industry as
24 coop advertising?

25 MR. RENISON: Certainly I don't
26 say all, but a normal contract is to share
27 advertising costs between book sellers on
28 specific titles. These do not advertise purely
29 the name of our firm. That is our problem.
30 If we were to pick out a title of a Canadian book,



1 there is no doubt we could get assistance in the
2 advertising if the publisher wants to go along.
3 We have lots of cases, however, where the
4 publisher says "I am terribly sorry, we spent
5 it on some other kind of promotion" and then
6 he doesn't want to go along. In that case we
7 either go ourselves -- book sellers tend to be
8 local people dealing in an area. In other words,
9 the price of media advertising is very costly --
10 a single book seller will take, say, the Bloor
11 and Yonge area, where it is very difficult to
12 get mileage out of a paper with circulation in
13 Scarborough or Vancouver.

14 MR. CAMP: You have had fairly
15 extensive advertising campaigns in both Toronto
16 and Montreal. Is that coop?

17 MR. RENISON: Some parts of the
18 campaign are cooperative but we actually advertise
19 extensively ourselves in all the areas in which
20 we feel we can concentrate because of the cost
21 and it is necessary to concentrate.

22 MR. CAMP: You find American
23 publishers more aggressive in this regard than
24 their Canadian counterparts?

25 MR. QUICK: Less so for cooperative
26 advertising with book sellers, I believe.

27 MR. CAMP: Would this be because
28 of the advantage they already enjoy with the
29 book spill-over?

30 DR. JEANNERET: There are legal



1 impediments too.

2 MR. CAMP: I don't know whether
3 to direct the next question to you or them.
4 What are the legal impediments?

5 DR. JEANNERET: It is a matter of
6 the Combines Investigation Act concerned
7 with the very issue you are discussing and it
8 has never been wholly resolved as to whether or
9 not -- in the States, of course, their legislation
10 is such, Anti-Trust Legislation is that much
11 tighter.

12 THE CHAIRMAN: Does that answer
13 your question?

14 MR. CAMP: This is a question we
15 have asked of others who have represented this
16 similar part of the industry that you do, as to
17 whether or not you have any general observations
18 in regard to the service you enjoy from publishing
19 houses in this area, for example, American
20 publishing houses as compared to Canadian in
21 service?

22 MR. RENISON: You mean the full
23 range, not just advertising?

24 MR. CAMP: How about stock when
25 you want to reorder?

26 MR. RENISON: I think Mr. Quick
27 could answer it in more detail. I would say
28 on a broad level that good houses, efficient
29 houses are not necessarily great Canadian or
30 Japanese, they are just plain, efficient businessmen.



1 We are in a business in which authors are
2 notoriously not good businessmen, not necessarily,
3 although they can be, and good businessmen are
4 sometimes not great entrepreneurs, not always.
5 Great entrepreneurs are not always watching the
6 dollars very closely, so I don't think you can
7 generalize and say efficient companies are
8 not necessarily large companies and not necessarily
9 Americans or Canadians. Some do give excellent
10 service regardless and some give terrible service,
11 no matter what you do. I am sure this is the
12 same in almost every business.

13 MR. QUICK: The range goes from
14 very good and really incredibly good, to
15 very, very bad. I think, as a matter of
16 fact, at this moment in the area in which our
17 shops operate the best service we get -- the
18 two best cases are both foreign-owned companies.
19 I think that some of the newer, the young
20 publishers are having great service problems.
21 Their problems are so great that they often have
22 difficulty even recording an order, let alone
23 shipping it in a reasonable time. I don't
24 think it is possible on a broad range, however,
25 to generalize as to whether or not service is
26 better or not in a Canadian-owned house.

27 MR. CAMP: Do you think it would be
28 particularly helpful if these publishing houses,
29 such as you mentioned, had a central warehousing
30 and distribution organization' consolidated?



1 MR. QUICK: In our brief we
2 suggest that we do not like the idea of a single
3 distributing organization for our books in
4 Canada, but certainly I believe some of the
5 smaller houses could benefit from it, benefit
6 from one which tied together the operations of
7 the several small houses.

8 MR. CAMP: If I could just ask
9 how long have you been in the book selling business
10 here?

11 MR. RENISON: About 14 years.

12 MR. CAMP: There is another
13 question I want to ask you: In the last 14
14 years have you noticed or not the increasing
15 demand for Canadian books by Canadian authors?
16 I am defining now what a Canadian book is, whether
17 it was printed in Japan or what, or has there
18 been?

19 MR. RENISON: Well, I should
20 perhaps let Mr. Quick answer that. Outstanding
21 authors always get preference from the public
22 because they know their names and they are there.
23 There is what I would call a false demand, a
24 newspaper demand, emotional demand based on
25 so many comments we have had here that many
26 people say they want Canadian content, but they
27 don't buy it. We are in the hard-money end
28 of the publishing world and one of the judgments
29 which is a little hard for me to make -- a
30 personal judgment is not right -- the judgment of



1 what to sell. We have had outstanding
2 Canadian books in the last year, for example,
3 which have just been great sellers and great
4 compliments to the authors and publishers and so
5 on. We have also had books, you know, that
6 I am sure should never have been published in
7 any country and they only embarrassed us. They
8 did get through, but that would be applying in
9 other countries too. The demand for Canadian
10 publishers, there is a steady demand for
11 Canadiana. It is not just visitors to this
12 country, because we do have retail outlets at
13 high-traffic areas, such as an airport or any
14 of the major concentrations of population and
15 people come and want information -- not information
16 in the sense -- they want atmosphere or background.
17 For instance, "Canada, Year of the Land" some
18 years back was really a great publication.
19 It was a collector's item and still is to the
20 American visitors.



1 MR. CAMP: So, what you are saying
2 then is that there is a steady demand but not,
3 in your judgment, a significantly increasing demand?

4 MR. QUICK: No, I think it is a
5 growing demand, Mr. Camp. More Canadian books
6 are being published now and although not all of
7 them are finding ready sale the number which do
8 is also increasing and, I think, it would be gener-
9 ally the case that our major best sellers are
10 always Canadian books. Certainly this was the case
11 last year -- National Dream far outsold any other
12 book in our shop and I would think the three or
13 four runners up would also be Canadian productions.

14 MR. CAMP: Thank you.

15 THE CHAIRMAN: I take it, Mr. Quick,
16 that this brief was prepared basically by you,
17 is that correct?

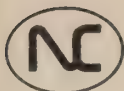
18 MR. QUICK: In part.

19 MR. CAMP: Are you the author?

20 MR. QUICK: I am a joint author.

21 THE CHAIRMAN: I am interested in
22 certain of the comments that you have made. At
23 the bottom of page 2 and the top of page 3 I
24 just want to ask some questions, hopefully in
25 amplification, of it. You say:

26 " We believe that the two countries.."
27 You are talking about the United States and Canada.
28 "... have in fact a great deal in
29 common, and that many Canadians have
30 interests and aspirations which are shared



1 " by Americans. When Canadians are
2 urged to consider the great dangers which
3 may come from having too many
4 American books circulated in this country,
5 we believe that they should temper their
6 judgment with some consideration ..."

7 Is anyone in the country, to your knowledge, saying
8 that there is in fact a great danger which may
9 come from having too many American books or
10 is what is being said that there is the danger perhaps
11 of having no Canadian books? Which is it?

12 MR. QUICK: I think that in some
13 of the briefs that you have already heard that
14 both things are being said.

15 THE CHAIRMAN: Both things are
16 being said?

17 MR. QUICK: I think the people who
18 suggest that we should have more Canadian books
19 and, therefore, we should limit the proportion of
20 American to Canadian books are really suggesting
21 that in the light of the number of Canadian books
22 being produced that we are going to exclude a
23 great many American books from this country. I
24 don't think this is a very reasonable suggestion.
25 I believe in one of the earlier briefs, for example,
26 somebody specifically said that because Canadian
27 publishers were controlled outside the country or
28 rather if they were all controlled outside the
29 country we would not, in fact, be able to read in
30



1 Canada books about the Vietnam war which were
2 against the official position of the American
3 government. This seems to me to be utter nonsense.
4 If you want to read books which take a contrary
5 point of view on Vietnam or any other aspect of
6 American policy you turn to American books.

7 THE CHAIRMAN: I take it from what
8 you say on page 2 under the section that we are
9 looking at that you really don't think -- I am
10 really seeking your opinion -- that there is really
11 any difference between the cultural or other goals
12 or status of the people of the United States and
13 the people of Canada? Is that really what you are
14 saying?

15 MR. QUICK: I suppose there are
16 but I do not know how you would define them for
17 purposes of legislation.

18 THE CHAIRMAN: Suppose we are not
19 talking about legislation, we don't legislate here,
20 but we are interested in whether you think that
21 there are differences or not that are worth talking
22 about.

23 MR. QUICK: Many people think there
24 are. I am not able myself to suggest really broad
25 general differences although I know many individual
26 Canadian and individual American differences.

27 THE CHAIRMAN: They are essentially
28 the same, is that correct?

29 MR. QUICK: I would think, yes.

30 THE CHAIRMAN: And is that why you

1 make the statement that you do on page 10 which
2 says:

3 " Only a few days ago it was reported
4 that the Government of Ontario is
5 proposing to loan nearly a million dollars
6 to McClelland and Stewart, and by
7 entering into a joint venture with the
8 publishers ..."

9 Might the record state that this Royal Commission
10 has never recommended a joint venture in that
11 regard. But these are your words,

12 "... and by entering into a joint venture
13 with the publishers they hope to keep the
14 company in business as a Canadian
15 controlled operation. But for what
16 specific purpose?"

17 The next statement is a very interesting one. You
18 say:

19 " What books will now be published and,
20 just as importantly, sold, that would
21 not have seen the light of day if the
22 publishers had been taken over by American
23 controlled interests?"

24 Now, from that is it reasonable to deduce, infer or
25 conclude that your position is this: "Let us
26 get the publishing business in the hands of the
27 Americans as soon as possible no matter what the
28 consequences"?

29 MR. QUICK: No, that is not my
30 position.



1 THE CHAIRMAN: What is your
2 position?

3 MR. QUICK: Well, I do not recommend
4 that the control of the Canadian publishing industry
5 be in American hands.

6 THE CHAIRMAN: Think if you don't
7 recommend that, what do you recommend?

8 MR. QUICK: That it is not right
9 that a particular country should have control or
10 ownership of our publishing industry but I think
11 it is very difficult in particular cases to show
12 that it would be better for it to be in the hands
13 of Canadian nationals or American nationals.

14 THE CHAIRMAN: You think it is a
15 difficult question all around, is that what you
16 are saying?

17 MR. QUICK: Yes, it is.

18 THE CHAIRMAN: For my part I concur
19 with you. It is rather difficult.

20 Now, I note -- and this is my last
21 question -- that your firm is in the book retailing
22 business, is that right?

23 MR. QUICK: That is correct.

24 THE CHAIRMAN: And I also note that
25 in your brief you make no comment about your segment
26 of the book publishing industry. Let us assume
27 that book retailing is a segment of the over-all
28 package that we are obliged to look at under our
29 Terms of Reference, do I take it, therefore, that
30 since all your comments relate to publishers and

1 things that they ought to do to correct their
2 situation or in delineating the defects of the
3 industry since there are no comments in relation
4 to your own part that you are perfectly content
5 that the book retailing industry in Canada, as far
6 as you are concerned, is in great shape?

7 MR. QUICK: No, I don't think we
8 could say that it is in great shape. We did not
9 comment on retailing because we believe that what
10 you wished to hear from us was our views on
11 publishing.

12 THE CHAIRMAN: Then, I take it we
13 might invite you, because we are looking at an over-
14 view kind of situation that relates to your segment
15 of the industry as well, we would invite you if
16 you feel there is anything you wish to say to us
17 in a brief or other form subsequently in relation
18 to the ailments, if you will, of the retail
19 industry that we would be pleased to have it and
20 to discuss it with you subsequently.

21 MR. CAMP: I just want to go back
22 to something for my own information. We had
23 some discussion here from one organization which
24 was, in effect, cutting prices, the retail prices.
25 What about prices in general, for my information
26 if not for the record? Could you explain how the
27 price of a book fluctuates while it is in your
28 hands, that is to say --

29 MR. QUICK: I did not quite hear
30 you.



1 MR. CAMP: One does hold the price
2 on books as long as one can and then you reduce the
3 price at some time to try and move it and then
4 have the advantage, I guess, of returning it to the
5 publisher?

6 MR. QUICK: Books are usually sold
7 to us on the basis of a suggested list price and
8 book sellers buy their books at that price discounted
9 by a certain percentage and it is normal to sell
10 the books at the publisher's suggested list price.

11 MR. CAMP: For as long as it is in
12 the store?

13 MR. QUICK: Well, if you got too
14 many copies of a book and you cannot sell it at that
15 list price, in many cases you have the option of
16 returning it to the publisher for the amount which
17 you paid for it and you are only out your handling
18 costs and the cost of your money and so on.
19 In other cases you may not be able to return it
20 because the book may have actually suffered some
21 damage while it has been sitting around waiting for
22 somebody to buy it and in that case you try to sell
23 it.

24 MR. CAMP: These are really the
25 only books that you do, in fact, sell at less than
26 the retail price, the ones that are not suitable
27 to be returned?

28 MR. QUICK: Oh, for special
29 promotions, like the opening of a shop or something
30 you buy some interesting bargains for your customers



1 and in that case you are very likely to cut prices
2 on books. We don't normally do it. Our whole
3 operation is predicated on the margins that we
4 have on books.

5 MR. CAMP: Thank you.

6 MR. RENISON: Mr. Chairman, if I
7 may mention something. You referred -- and we
8 will certainly take up your suggestion about
9 book selling as you feel it is a part of the total
10 picture but by virtue of this brief, brief is the
11 word. We do though, infer, or in fact say
12 for the industry as a whole and particularly for
13 the retailers that we are very concerned with any
14 restriction of retailing. Obviously the book
15 sellers are not going to survive and the industry
16 which they represent is going to suffer in the long
17 run.

18 Recently I was discussing in various
19 places the Queen's Printer establishing into
20 the organization of Information Canada and it was
21 suggested that it should sell not only books which
22 are normally sold at book stores -- and we will
23 refer to this in our brief - but also expand the
24 sales to other books of a trade nature, in other
25 words, become a general book store. We would
26 think that that would kick the few remaining teeth
27 out of the book selling industry.

28 THE CHAIRMAN: Well, I am pleased to
29 know and I am sure my colleagues, that the retailers
30 in the book industry still have teeth.



1 Thank you very much, gentlemen, for
2 being with us. We have enjoyed discussing the
3 brief with you.

4 -----
5
6 SUBMISSION OF ALAN HEISEY

7
8 THE CHAIRMAN: Well, we have
9 Mr. Alan Heisey at this point. We welcome you, we
10 have read your brief and would you please touch on
11 the points you would like to make?

12 MR. HEISEY: Thank you, Mr. Chairman.
13 I would like first of all to begin by stating
14 my credentials which are effectively very modest.
15 I am a reader of books and I appear as a reader of
16 books and as a consumer, a citizen and perhaps
17 someone whose basic viewpoint is essentially post-
18 war.

19 I want to say that I think that if
20 you gentlemen sense the mood for protection of
21 the Canadian book publishing industry abroad in
22 the country that you are in the correct mood and
23 I think you will find wide approval for any remedial
24 measures which you care to recommend which involves
25 subsidizing Canadian investors in the book publishing
26 industry as compared with other investors in
27 other industries.

28 I think this mood in the country is
29 real and profound and I think that it is has to
30 be recognized that it has been created by media



1 which in themselves are protected and which
2 I believe pursue the protectionist mood into
3 the country and a mood which I find very dangerous
4 and destructive to our country's long term and
5 best interests.



1 I think the mood has been established
2 by the policy that developed in the previous
3 decade that only Canadian investors could be
4 trusted to control the reins of our mass media.
5 In the lack of pro-Canadian activity, we have
6 generated a move which I think is not nationalistic
7 but protectionist. We have become so frightened
8 of foreigners in our other mass media that we
9 have excluded them for all practical purposes
10 from vested roles with any consequence, with
11 one or two notable exceptions. I say these
12 premises are unchallenged and I take the liberty
13 of challenging them, although I recognize this
14 is a very unfashionable and supposedly politically
15 foolhardy point of view. I would just say,
16 if you are going to subsidize any one large
17 publishing company in Canada, I think you have
18 to be prepared to subsidize them all or if you
19 lend money to one, you have to lend money to all.
20 I am probably one of the small minority in the
21 country who thinks that the Canadian investment
22 in book publishing, as in any other element of
23 society, must compete with foreign investors
24 and must rationalize his activities and be
25 competitive or fail.

26 I would like to see you gentlemen
27 address yourselves to the task of the inter-
28 nationalization of the Canadian book-publishing
29 industry, recognizing nationalization of the
30 media which is going on all around Canada but not



1 generally including Canada.

2 I also think that you have work
3 left to do in ensuring that the international
4 publishing companies doing business in Canada
5 adopt a truly international point of view,
6 but I recommend an indicative approach to this
7 rather than a compulsory approach, and that
8 is my main point; in other words, as I underlined
9 in my rather informal brief:

10 "The fostering of a competitive,
11 internationalist outlook in
12 the Canadian Book Publishing
13 Industry"

14 The second point I make and
15 make more hesitantly, is the possibly desirability
16 of removing from copyright protection, books
17 which are printed in the United States and
18 imported into Canada in which the author is a
19 Canadian, and in order to afford no more protection
20 on the Canadian scene than the American book-
21 publishing industry affords in the American
22 industry. I make that from a very imperfect
23 knowledge. That is really the heart of what
24 I have to say, Mr. Chairman.

25 MR. CAMP: Just to clarify the
26 responsibilities that you suggest a body such
27 as this should undertake, which is to ensure
28 that the publishing industry in Canada, particularly
29 that segment of it which is American owned, should
30 be more internationalist in its outlook. I am



1 not sure -- do you make a distinction here between
2 continental and international?

3 MR. HEISEY: I look at a country
4 as a fact of modern business communications. A
5 lot of our twentieth century has seen a rise
6 of multi-national or international or continental
7 organizations doing business and I think it is
8 in the best interest of Canada that foreign
9 firms doing business in Canada appropriately
10 reflect the Canadian needs and Canadian points
11 of view, but I think that this could be done
12 by encouragement and by persuasion and by
13 occasional kicking, but I am not for legislating
14 them out of the country for fear of our lack
15 of service, nor am I in favour of a general
16 compulsory approach that an American publishing
17 company must publish anything. I think you
18 must trust to the professionalism which is
19 too easily under-rated in all these discussions.
20 A foreign publisher in this country has some
21 professional values and reputation that he
22 seeks to maintain just as a Canadian doing
23 business abroad. I am just not prepared to
24 accept the premise which has been accepted so
25 easily. It is so depressing that by our other
26 mass media foreign ownership of the mass mediums
27 ~~per se~~ ipso facto a bad thing. I just think
28 it has got to be examined on its merits.

29 MR. CAMP: What you are saying,
30 for example, in television we have seven



1 channels in Toronto and it doesn't matter they
2 are all American?

3 MR. HEISEY: That is reductio ad
4 absurdum I respectfully submit. That is not the
5 situation. There is a presumption made in all
6 this discussion that if you don't have the status
7 quo and complete protection the Canadian medium
8 will be overwhelmed by foreigners. I don't
9 accept that premise.

10 THE CHAIRMAN: As Chairman, I might
11 point out to you we haven't really had a discussion
12 yet and there is no assumption made. We merely
13 asked a question. Don't get excited.

14 MR. CAMP: I am not being
15 argumentative. I am just saying if you allow
16 the free-flow of investment dollars into any
17 area or channel and want to pursue it, the
18 possibility of all television in Toronto with
19 the exception of the one which is government-owned,
20 publicly-owned, would in fact probably be owned
21 by foreign elements. It has been the pattern,
22 let us say, in the industry that we are examining.
23 I am not saying good or bad or indifferent. It
24 is not the judgment the Committee is prepared
25 to make. It cannot be made arbitrarily.

26 MR. HEISEY: The judgment has
27 been made in other media, Mr. Commissioner, that
28 any more than a very small percentage of foreign
29 ownership is undesirable.

30 MR. CAMP: That is the way it is in the



1 other media.

2 MR. HEISEY: Prime Minister
3 Davis has said just in the paper the other day,
4 you know, that any field such as publishing and
5 all those dealing with our culture, are something
6 apart from other fields. That is the conventional
7 view.

8 THE CHAIRMAN: He said it early
9 in the Legislature.

10 MR. HEISEY: That is right.

11 MR. CAMP: That is not your view?

12 MR. HEISEY: No, it is not.

13 MR. CAMP: In terms of broadcasting
14 and publishing?

15 MR. HEISEY: That is right, because
16 I think what we have in the country -- I think
17 you know my views in a more general context --
18 we have developed the mood of xenophobia with
19 regard ---

20 THE CHAIRMAN: Would you explain
21 that?

22 MR. HEISEY: I understand it is an unnatural
23 distrust of foreigners. I don't usually
24 try a word like that.

25 THE CHAIRMAN: That is why I
26 thought I would ask you what it meant.

27 MR. HEISEY: I think it is a
28 very dangerous mood, this fear of the role of
29 foreigners in the country has made the country
30 protectionists in far more than its media. I think



1 a certain percentage of the things filled by
2 foreigners is desirable.

3 THE CHAIRMAN: You are in the
4 presence of one of Canada's great historians,
5 Dr. Jeanneret. I wonder if your understanding
6 of the history of Canada is such that you might
7 answer this question: Has the situation really
8 changed in terms of the xenophobia of which you
9 speak so articulately in the last 120 years in
10 Canada?

11 MR. HEISEY: Yes, it has changed
12 for the worse.

13 THE CHAIRMAN: Has it got worse
14 or diminished, or what?

15 MR. HEISEY: I think we have a
16 more serious problem and I think we must recognize more
17 this legislation was introduced in the last ten years
18 to protect Canadian investors from the damage
19 of foreign investors than we have had in probably
20 the previous 100.

21 MR. CAMP: Speaking of xenophobia,
22 Mr. Jack Kent Cooke had to take out American
23 citizenship to be allowed to go on radio and cable
24 television interests in Los Angeles.

25 MR. HEISEY: I don't think American
26 guidelines should be our guidelines under any
27 necessity.

28 MR. CAMP: Should there be any
29 premise with regard to control of broadcasting?

30 MR. HEISEY: They do also recognize



1 newspapers have very strict control and magazines.
2 We are looking at the possibilities of protecting
3 Canadian investors to a greater extent in book
4 publishing.

5 MR. CAMP: Your argument is that
6 they should protect their sensitive, cultural
7 instruments and we should not?

8 MR. HEISEY: I am not drawing
9 a Canadian-American contrast. The fact of the
10 world of the late twentieth century where people
11 are going around it at 18,000 miles an hour,
12 and when communications and media are becoming
13 international, when there is 20 channel accessibility
14 right now in Toronto for cable television, and in
15 my opinion, the realities of Canadian life are
16 going to become more international and I don't
17 fear that, I welcome it and if that means something
18 more American, that doesn't bother me either
19 because I have great confidence in the average
20 book reader's ability to choose for himself
21 what serves his best interest.

22 THE CHAIRMAN: Can you tell me
23 how that leads into your recommendation on page
24 6 of your brief where you suggest that:

25 ". . . we should seriously
26 consider the desirability of
27 unilaterally applying American
28 copyright legislation on
29 American produced books sold
30 in Canada, with a correspondingly



1 lower quota of books before loss
2 of copyright to reflect the
3 significantly lower Canadian
4 standard of living, and much
5 smaller population."

6 I take it what you mean there is there should be
7 an amendment to the copyright legislation in
8 Canada whereby a book offered by an American
9 printed in the United States can only come into
10 Canada on the basis of 1500 books and beyond that --
11 I will ask the questions -- beyond that the
12 American author loses his copyright in Canada.
13 Is that what you are suggesting?

14 MR. HEISEY: My understanding is
15 the American Manufacturing Act, or whatever they
16 call it does not extend to American books being
17 published -- Canadian books being published
18 in Canada by Canadian authors losing their
19 copyright. It is only a book published in Canada
20 in which the citizenship of the author is an
21 American. I think this is something in the
22 North American context. If they are going to
23 give their own industry that kind of protection,
24 I think we have to consider giving ours that
25 kind of protection. That is a size-up on that
26 basis alone. I think it would be desirable
27 if the Americans adopted what I understand is
28 an international copyright concord that has
29 been adopted by most of the countries of the world.

30 THE CHAIRMAN: What you say is,



1 no matter how you feel about the continental
2 aspect of things -- and I understand that you
3 feel that there should be a continental approach,
4 if you will, to business and particularly the
5 publishing industry, that in this particular
6 instance, we should protect Canada to some extent?

7 DR. JEANNERET: I noticed the
8 same dichotomy that the Chairman did, that is
9 after adopting a staid internationalist outlook
10 provision, you had the most perfectionist
11 nationalistic proposal that has been in any
12 brief almost in the copyright field. I think the
13 question of copyright we should reserve until
14 we are dealing with the copyright brief. We
15 could pursue it here, but we would have to begin
16 by going over your assumptions regarding the
17 provisions and they would have to be revised
18 considerably.

19 MR. HEISEY: I think that is what
20 I would call a two-handed approach. I don't
21 call for an entirely open hand on the part of
22 Canada. I think there is a classic example of
23 an American piece of legislation that hurts the
24 Canadian publishing industry specifically and
25 I think that is a case where we might retaliate,
26 but it doesn't take away from the larger, general
27 question of an attitude towards the openness
28 of the Canadian media to the resources of the world.

29 MR. CAMP: When you say this,
30 we assume this is your opinion, even a minority one?



1 MR. HEISEY: I think in the media
2 it is very much a minority point of view.

3 MR. CAMP: What is substantially
4 responsible for you being in the minority in this
5 regard?

6 MR. HEISEY: I think political
7 leaders in this country decided we had to be
8 protected from substantial foreign investment
9 and I think that decision was a calculated one,
10 calculated that we would project a Canadian
11 point of view as a Liberal Member of Parliament
12 put it some years ago. It can so easily become
13 a contentious point and I think the mood that
14 arose in the country from the sale of Ryerson
15 Press was absolute fear of these terrible
16 American people coming in and challenging little
17 old Canadian ways of publishing.

18 I think it was an unreasonably
19 defensive and excessive reaction. I think it
20 is possible that McGraw-Hill might do a
21 very fine job.

22 THE CHAIRMAN: Thank you very much,
23 Mr. Heisey.

24
25 ---Luncheon adjournment
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1 ---The hearing resumed at 2.00 p.m.

2

3 SUBMISSION OF ORCHARD PARK PUBLIC SCHOOL
4 LONDON, ONTARIO

5 THE CHAIRMAN: Now, we have with us
6 this afternoon the Grade 8 students of
7 Orchard Park Public School in London, Ontario
8 who have come here to be with us and to tell us
9 about certain things which they have found. We
10 understand that the class is here with their
11 teacher, Mr. Spring. You are entirely welcome
12 and we want you to feel free to say what you have
13 to say and to tell us about your views on this
14 whole subject of books, what you have in the class-
15 room and what you think about them.

16 Who is going to talk first in this
17 group over here -- Donald Craig?

18 MASTER CRAIG: Well, we like to have
19 Canadian published and Canadian written material
20 available for our school to be a text.

21 It is not that we don't want to listen to American
22 viewpoints, we would rather have our own Canadian
23 viewpoints. We are Canadians and we should have
24 the Canadian viewpoint.

25 THE CHAIRMAN: Good, how about you,
26 Kathy George?

27 MISS GEORGE: Well, I think that
28 history and geography especially should be published
29 by Canadian companies since they are more involved
30 in Canadian subjects and are more familiar with the





1 material that is in it.

2 THE CHAIRMAN: How about you,
3 David McColl?

4 MASTER McCOLL: I think we should
5 have more Canadian literature and more Canadian
6 history and geography taught in schools. There
7 is too much American because the publishing
8 companies are here from the United States. Ryerson
9 Press has been sold to the Americans and that was
10 one of our best publishing companies. We did
11 a survey with the librarian and there were 16 books
12 printed in the U.S.A. and in Canada there were 10
13 and there were 2 other ones out of 28. Those
14 published by companies controlled by the Americans
15 were 14, 12 in Canada and 2 others and of the
16 total books with any Canadian were only 15 so I
17 would like to see more Canadian books published.

18 THE CHAIRMAN: Good. How about you,
19 Tom Coulter?

20 MASTER COULTER: Well, I think that
21 communications influence people a great deal and
22 that we should have more Canadian books because
23 people really don't know what we have in our
24 country and, for example, I met a boy at camp and
25 he thought we always had snow in Canada and he had
26 read this in a book printed by an American
27 publishing firm.

28 THE CHAIRMAN: Where was he from
29 Tom?

30 MASTER COULTER: I am not really sure



1 but I think it was around New York and he was
2 really embarrassed because he didn't know that
3 we did not have snow all the time.

4 THE CHAIRMAN: You have said certain
5 things. We would like to ask you about these things.
6 In your own school and in the class which you have
7 what about the textbooks that are there, where
8 are they from or what have you looked at and have
9 seen as far as they are concerned? Who would
10 like to answer that?

11 MASTER McCOLL: Seven of eight
12 textbooks are published by American-controlled
13 companies or Canadian companies but still controlled
14 by Americans which makes them American companies.

15 THE CHAIRMAN: Did you find that
16 the 7 out of 8 looked like Canadian books but
17 there were American things in them? What did you
18 find?

19 MASTER McCOLL: Well, it makes quite
20 a difference when they are American because they
21 have a different influence. Such as in history
22 they have the revolutionary war and it is quite
23 different, the U.S. side and the Canadian side.
24 They are completely different.

25 MR. CAMP: Where did the -- from
26 what book did you get this example you cite on
27 page 2:

28 " Let us learn the story of our flag ...
29 Colour the stars silver or white ...
30 Colour the stripes red and white ..."



1 Is that a book that was in your library in your
2 school or in your classroom?

3 THE CHAIRMAN: Anybody know that?

4 MASTER CRAIG: I think it was from a
5 reading test.

6 MASTER McCOLL: Mr. Spring told
7 it to us once. It was work for Grade 1 students.

8 THE CHAIRMAN: I can't quite hear
9 you.

10 MASTER McCOLL: It was a Grade 1
11 teacher who gave it to her students in Canada and
12 she got this and the kids were supposed to colour
13 the American flag.

14 MR. CAMP: And in your research the
15 number of books published by companies controlled
16 by the U.S.A. is the way it is put here, were
17 all those books about the U.S.A. or were some of
18 those books about Canada?

19 MASTER CRAIG: A number of those
20 books were about Canada.

21 MR. CAMP: Does it matter very much
22 to you who publishes the book?

23 MASTER CRAIG: No, I don't think so,
24 as long as it is unabridged.

25 MR. CAMP: If it is about Canada
26 you think it should be written by Canadians?

27 MASTER CRAIG: Yes.

28 DR. JEANNERET: I wanted to ask a
29 question very similar to that last one. If the
30 book is written by a Canadian on a Canadian subject



1 you don't much care who publishes it, is that
2 right?

3 MASTER CRAIG: As long as it is
4 unabridged and has Canadian information.

5 DR. JEANNERET: Do you fellows know
6 what the difference between printing and publishing
7 is? Do you make any distinction? Is any one
8 of you prepared to give an explanation? Go right
9 ahead, David McColl.

10 MASTER McCOLL: Publishing is
11 agreeing to have the book out on the market and
12 sell the books, sort of agree to sell the book
13 and tell where it is to be sold and if the publisher
14 thinks it is a good book in his opinion, he will
15 go out on the market and sell it. I don't know
16 too much about that.

17 DR. JEANNERET: Well, you do very
18 well. I was interested in those figures that
19 you found out in your study of the books you have
20 and the way you went about it. You took one book
21 in every ten, didn't you?

22 MISS GEORGE: Yes.

23 DR. JEANNERET: And you did your
24 counting and then on this you made your general
25 conclusion, so to speak. The number of books, the
26 percentage of books that were American -- and you
27 were just counting American, you didn't say foreign
28 you just said American, it was roughly the same as
29 Canadian, a little bit more, I think, than Canadian.
30 Do you think this is what you would expect if you



1 were counting all the books that are available, you
2 would expect a great many more American than
3 Canadian, wouldn't you? 20 You had a higher
4 proportion of Canadian than you might expect?

5 MASTER CRAIG: I think it is very
6 important to have most of the Canadian books
7 published by Canadian companies because we are more
8 or less taught in school to go out into Canadian
9 society and not American and to have Canadian
10 viewpoints.

11 DR. JEANNERET: I think the
12 questions were very well answered.

13 THE CHAIRMAN: Why do you think it
14 is so important to have Canadian textbooks as
15 opposed to American textbooks? Why do you think we
16 should have those?

17 MASTER COULTER: Well, I think we
18 should have them because Canadians know the
19 Americans might make up some things about it. If
20 they have them in Canada they might not but I
21 don't think so. I think most Canadians can write
22 real good because they have been living here for
23 many years and they know the area and they have
24 grown up there whereas people in the States have
25 lived in the United States and have become used
26 to their customs.

27 THE CHAIRMAN: Do you think things
28 are different in the United States, is that the
29 idea?

30 MASTER COULTER: There is not too



1 much difference but there is a little and they can't
2 write as well as Canadians because they haven't
3 been living here that long.

4 THE CHAIRMAN: What do you think,
5 David, what is the difference?

6 MASTER McCOLL: There are a lot of
7 different attitudes, different kinds of government
8 and from the standpoint of the kid who brought up
9 snowshoes to camp a lot of these books are not
10 real Canadian books about the North or something
11 and they expect that that is what it is going to
12 be like. I think it is important that books about
13 Canada should be written by Canadian authors who
14 know a lot about it.

15 THE CHAIRMAN: Kathy, what do you
16 think about this difference?

17 MISS GEORGE: Well, Americans have
18 a different political reasoning. They have a
19 different type of politics and they believe in
20 different things. It is just being faithful to
21 your country because if there was a battle they
22 would want their side to win and you might have to
23 choose between the two countries. So it would
24 make a bit of difference if they were Canadian or
25 American.

26 THE CHAIRMAN: What do you think,
27 Donald?

28 MASTER CRAIG: Well, I think there
29 is quite a bit of difference in politics. Canadian
30 people still have the same attitude, they know what



1 is right and wrong and they lean over towards their
2 side when there is any doubt.

3 THE CHAIRMAN: I would like to ask
4 you, Donald, except when you are in school do you
5 read books that you get from the library or are
6 brought into the house or do you just mostly do it
7 when you are involved in school?

8 MASTER CRAIG: I do most of my
9 reading at school.

10 THE CHAIRMAN: How about you,
11 Kathy?

12 MISS GEORGE: Well, I read most of
13 the time at home but I spend about the same amount of
14 time reading at school.

15 THE CHAIRMAN: David?

16 MASTER McCOLL: I read most of my
17 books at school. Most of the books I read are
18 mostly at school for education.

19 THE CHAIRMAN: Tom?

20 MASTER COULTER: I read mostly at
21 school.

22 MR. CAMP: I have a lot more
23 questions, Mr. Chairman, but I will defer them
24 and I say that I very much appreciated your brief
25 and appreciate your initiative in coming here
26 and letting us have your points of view because
27 it is something everyone else has an opinion on
28 but this is the first time that people who have
29 to read these books have given us their opinions.
30 We value your judgment very much. Thank you.



1 DR. JEANNERET: I would like to add
2 my thanks too. I think this is a very good spirit
3 and a fairly sensible idea.

4 THE CHAIRMAN: We hope that you will
5 stay with us for a little while while we listen
6 to some other important briefs and that you have
7 enjoyed your stay in Toronto. I don't know whether
8 we will come ourselves to London but we may in the
9 future. We very much appreciate your coming and
10 the initiative your whole class has taken, and
11 the initiative your teacher has taken too. It
12 is very much appreciated.

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SUBMISSION BY PROFESSOR R.J.D. PAGE

THE CHAIRMAN: We have with us Professor R.J.D. Page from the Department of History of Trent University. Professor Page is speaking on his own behalf, not on behalf of the University. It perhaps is very difficult to get any university to speak with one voice at any time.

PROFESSOR PAGE: Thank you, Mr. Chairman. I decided to put together this brief because of my own experience and the experience of some of my colleagues who are writing history or political science or sociology. We have become increasingly disturbed, I think, over the past three or four years by certain of the changes, by certain of the problems that we see emerging in the whole field of Canadian publishing. To begin with, a great deal of it, as we see it, comes back to the problem that with the expanding role of the multi-national corporation in the Canadian publishing field, this has meant that the old family firms have been gradually broken down and bought up and, in particular, what is more important to us, is the assumptions that lie behind those firms, the assumptions that lie behind their decisions concerning what should they publish have also been affected.

Now, with the development of the huge, international corporations and their move



1 into Canada, more and more sort of standard
2 international, and in some cases American business
3 techniques have been taken and utilized in
4 Canada and some of the older national values or
5 literary values we saw before are now being
6 eroded. There is nothing malicious about this;
7 there is nothing particularly surprising. This
8 is a phenomenon happening in a great many other
9 areas of the world. But what it does do is,
10 for those of us who are concerned about the
11 developement of Canadian cultural values, is that
12 in particular there must be a new role for
13 government, a new role for government subsidies
14 in attempting to preserve and promote what
15 remains of our own publishing industry and
16 in particular I would like to emphasize, because
17 several politicians have said contrary, that in
18 a number of instances that I know of, including
19 some of my own experience, editorial decisions
20 are being made south of the line, editorial
21 decisions that do affect the content of
22 Canadian creative or scholarly writing and I think
23 that this necessitates action on the part of
24 government and this is why I, as a public
25 citizen, welcome very greatly the decision of
26 the Davis government to set up this Commission.

27 Just in finishing up, because I
28 am sure you will want to question me on it, I
29 see about four major areas that new initiatives
30 are needed in. To begin with, in terms of control,



1 I think, as I have said in the brief, that it is
2 necessary that we stop any further American
3 take-overs of Canadian publishing firms.

4 Secondly, that within one decade
5 a majority voice in terms of voting stock and
6 also the Board of Directors, a majority voice
7 in the running of American subsidiaries now
8 operating in Canada will be in Canadian hands.

9 Thirdly, government must be
10 prepared, I think, to move in a much more
11 positive way into the area of trying to encourage,
12 through subsidies and other help, creative and
13 scholarly writings in this country.

14 First of all, I think the role
15 of the author is one which today one sees a
16 lack of, shall we say, incentive for many Canadian
17 authors to work, in many cases years at a novel
18 or a piece of historical writing when the return
19 is so little and where, in many cases the chance
20 of publication itself is very limited.

21 Secondly, in addition to the needs
22 of the author, I see the needs of the Canadian
23 publisher as equally desperate and it certainly --
24 I am not alone in this recommendation, but I
25 would like to emphasize those -- and support
26 those who have been here before and recommended
27 long-term, low-interest capital provided for the
28 Canadian publisher and I think here there could
29 be elements of forgivability written into the
30 scheme under the Ontario Development Corporation.



1 Elements of forgivability which would provide
2 a stimulus for efficiency and better marketing
3 techniques by Canadian publishers.

4 I see a third area that is of
5 extreme importance in terms of sales and sales
6 promotion in this country, because every time
7 I go into the popular stores around my own
8 city or here in Toronto, I am disturbed by the
9 lack of, in particular, Canadian paperbacks
10 that are in the shelves and in the racks in these
11 stores and I think something must be done about that,
12 either in terms of licensing for Canadian content
13 or possibly just direct pressure from government.

14 Now, secondly, I think -- this is
15 not a provincial recommendation, but I make it
16 here because I think it is of importance -- I would
17 recommend that the federal government set up
18 a monthly union catalogue of all books published
19 in this country. This would not have to be a
20 glossy publication but it would provide the
21 desperate need that a great many people at
22 universities, book stores across the country,
23 in the United States and in Britain feel
24 concerning just the basic information on what
25 is being published in Canada.

26 I have been to a number of
27 conferences in the United States, for instance,
28 where people ordering for their universities have
29 said to me "Why can't we find out what is being
30 published in Canada? We are teaching courses



1 in Canadian studies" or alternately "I found out
2 about such and such a book and we had a desperate
3 time trying to order it and trying to get it for
4 our own library and the library is very reluctant
5 now to bother ordering Canadian materials".

6 Thirdly in this area, I think
7 the Canadian Department of Industry, Trade and
8 Commerce should step in to try to coordinate and
9 promote foreign sales of Canadian books in a
10 way which would then help to cushion and increase
11 the indigenous market for these materials. I would
12 just point out here the institutional buying
13 alone in the United States would probably cover
14 500 to 1000 more sales of Canadian books if the
15 institutions had ready means of knowing the titles
16 and of purchasing.

17 Finally, in the area of sales,
18 I am disturbed that there is not enough active
19 interest, controversy and discussion in this
20 country of the new books that are coming out.
21 I find some of them fascinating, but I think that
22 what we do need is a national journal of review,
23 something in the nature of the Times Literary
24 Supplement or the New York Review of Books. This
25 would probably require government subsidy for
26 two or three years until it got going but
27 thereafter it would probably be self-sufficient.

28 Finally, in terms of just the
29 special area of scholarly work, scholarly writing,
30 I would like to support very heartily a proposal



1 that I am sure your Commission has either heard
2 or will be hearing from the University of Toronto
3 Press concerning the setting up of Universities
4 of Ontario Press, which will coordinate the
5 activities of the various universities in the
6 province who desire a publishing program but do
7 not have the capital necessary to set up their
8 own printing facilities.

9 In summing up, Mr. Chairman, then,
10 I think thus far in Canada, both government and
11 the public have been backward in terms of realizing
12 the full extent and the full nature of the
13 cultural implication of some of the things that
14 have been happening in Canadian publishing which
15 have been very real to some of the authors who
16 have been involved in it and I would, therefore,
17 strongly recommend that your Commission can
18 put forward recommendations such as the ones
19 I outlined in my brief, for without it, I really
20 feel that the distinctive nature of the Canadian
21 culture and of Canadian education, are going to
22 be severely limited in the decades ahead.

23 THE CHAIRMAN: Thank you, Professor
24 Page.

25 MR. CAMP: What is your field
26 of history?

27 PROFESSOR PAGE: Canadian history.

28 MR. CAMP: When you document the
29 complaint that American faculties regard the
30 paucity of information and the lack of



1 service in regard to obtaining Canadian books,
2 where do you think the responsibility lies in
3 that regard?

4 PROFESSOR PAGE: I think this is
5 an extremely important question because normally
6 in our corporate structure this would fall on
7 the companies concerned. Now, my concern here
8 is that because so many of these are small
9 with very limited advertising budgets, with limited
10 marketing facilities, they are not in the position
11 that a normal, large Canadian corporation is to
12 provide all the normal facilities that business
13 does. All I am trying to do here, then, is
14 try to envisage a scheme, therefore, which will
15 provide or encourage this type of marketing without
16 the government stepping in to control it.

17 MR. CAMP: When you say it taxes
18 the present resources of the Canadian publishing
19 industry to service this market ---

20 PROFESSOR PAGE: It would tax
21 them if they had to do it individually, yes,
22 because their profits and their returns are
23 just not great enough.

24 MR. CAMP: Your distinguished
25 colleague who is much published at Trent,
26 Professor Morton, who is his publisher?

27 PROFESSOR PAGE: His publisher
28 is McClelland and Stewart and I think McClelland
29 and Stewart deserve a great deal of credit for
30 a number of really imaginative publishing programs



1 that have helped in a very great way to allow
2 young authors and Canadian writers to present
3 their material. That situation is almost an
4 exceptional one in Canadian publishing.

5 MR. CAMP: Who published
6 Creighton on MacDonald?

7 PROFESSOR PAGE: Macmillan.

8 MR. CAMP: Of the texts that you
9 use at Trent, are any of them or a number of them
10 published by American firms in Canada?

11 PROFESSOR PAGE: First of all,
12 may I say that there are very few courses that
13 I know of that use a text in the normal sense of
14 the word. What we usually do is assign four
15 or five volumes, preferably paperbacks, which
16 the student is then encouraged to buy two or
17 three of, or if they are inexpensive paperbacks,
18 using this criterion, some of the materials that
19 we used are, in fact, published by American
20 subsidiaries operating in Canada.

21 MR. CAMP: Written primarily by
22 Canadians?

23 PROFESSOR PAGE: Yes. I would
24 like to say here that there are wide differences
25 in practice within American subsidiaries operating
26 in Canada. I have been under contract to two
27 or three of them at this point and some of
28 my experiences have been excellent. They have
29 used -- they are using Canadians for their
30 editorial decisions, the Canadian subsidiary has



1 effective autonomy in terms of the decisions
2 regarding publishing.
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1 But the thing that disturbs me is that there is
2 also examples that are the reverse where they don't
3 have the autonomy, where everything has to be
4 shipped down south of the line.

5 MR. CAMP: Manuscripts?

6 PROFESSOR PAGE: Manuscripts shipped
7 south of the line and the final decision on those
8 manuscripts being made by editorial boards that are,
9 in fact, in the United States.

10 MR. CAMP: In other words, you are
11 saying that a Canadian historical writer who
12 prepares a manuscript on Canadian history and
13 submits it to a publisher, the decision to publish
14 it would be made in New York?

15 PROFESSOR PAGE: That is right.

16 MR. CAMP: Or south of the border as
17 you say?

18 DR. JEANNERET: You mean a book
19 that you are writing, not an anthology?

20 PROFESSOR PAGE: I am not talking about
21 an anthology.

22 MR. CAMP: You would not want to
23 identify by example of course?

24 PROFESSOR PAGE: Regrettably the
25 negotiations are still continuing, sir. I will
26 be happy to discuss this case in detail with you
27 but I don't want to go into which publisher is
28 involved in it.

29 MR. CAMP: As an academic who writes
30 or wants to write or must write, I am interested



1 in this business of why the incentive has to be
2 greater which I take to mean economic
3 incentive and how much greater. I always thought
4 that people who wrote were bound to write (I may be
5 incorrect) and people who had the ability to write
6 would write and would publish and would profit
7 but I would like you to explain to me in terms of
8 your own environment, the academic field, in view
9 of the subsidies and so on that already exist,
10 why you believe anything further is required. Let
11 me just add to that -- something was said this
12 morning I think, whether or not you think the
13 scholar has to have a sabbatical in order to
14 write and if that is your problem?

15 PROFESSOR PAGE: Well, that is about
16 three questions. May I take each of them in turn?

17 MR. CAMP: Well, it has a general
18 application, I think.

19 PROFESSOR PAGE: Your point regarding
20 the financial end is a rather important one. It
21 is one that perhaps Canadians historians or
22 political scientists are, in fact, wanting to be
23 making. It is a substantial portion of their income --
24 they are making a substantial portion of their
25 income from publishing. I cannot see the Canadian
26 market expanding to that great degree but I would,
27 however, say, be making a quarter of my salary from
28 my writing. However, the thing that I am concerned
29 about right now is one of the manuscripts I have
30 submitted and has been accepted, there is considerable



1 doubt that I will even cover my costs on that.

2 I would imagine the final royalties and other pay-
3 ments from the publisher may come to about \$1,000.
4 My costs in terms of this volume already are over
5 \$3,000.

6 MR. CAMP: You mean by that,
7 research?

8 PROFESSOR PAGE: Research.

9 MR. CAMP: Time?

10 PROFESSOR PAGE: There is no
11 payment there whatsoever for my time. These are
12 my costs just in terms of travel, in terms of micro-
13 filming or Xeroxing certain materials that are
14 essential and the problems of paying a secretary
15 in some cases \$500 or \$600 to type up a manuscript
16 so that there is no factor of my own sort of wage
17 or hourly wage involved in it.

18 MR. CAMP: So, the kind of
19 subsidies being contributed by a provincial
20 government, for example, would be I understand
21 external to the Canada Council. How would you
22 envisage these awards being made or these extensions
23 being granted, by a body of your peers?

24 PROFESSOR PAGE: Well, here I think
25 it is probably one of the most difficult questions
26 of all and I will try and express it as well as I
27 can. I think that here what one has to do is to
28 set up a panel of, say, 10 or 12 people, some of
29 them academics, some of them professional writers,
30 memoirs writers even, I might say, and people who



1 are involved in Canadian publishing from different
2 viewpoints who would then be appointed for a five-
3 year period and they, in fact, would administer
4 the program, that the provincial government would
5 appoint these people but once having appointed
6 them would give them absolute freedom in terms of
7 them actually allocating the funds at their
8 disposal.

9 I think it is extremely important
10 that we try to avoid any kind of a direct
11 political pressure and political involvement and,
12 secondly, I think it is very important to try
13 to make sure that the various elements both in the
14 academic spectrum and the age spectrum be
15 represented, that it not be just a sort of club
16 to subsidize those who have already made their
17 reputation but that some of the younger people
18 may be given an opportunity.

19 MR. CAMP: You made the statement
20 in discussing your recommendations for government
21 support of the national journal of reviews
22 which is something we have heard about previously,
23 a recommendation that has been urged, and you
24 say that the government should subsidize it until it
25 gets off the ground. As a historian do you
26 know of any occasion when the government started
27 to subsidize and it ever stopped subsidizing?

28 PROFESSOR PAGE: Well, here, Mr. Camp,
29 I was thinking like, for instance, it would be
30 difficult for the Globe and Mail or Le Devoir



1 to take this thing on initially and organize it.
2 I mean there would be a lot of initial costs in
3 organizing it, in lining up subscribers across the
4 country and so on, which I would think after a
5 year or two would, in fact, be cut down considerably
6 and as the subscriber list increased -- and I
7 am quite sure it would -- there would then --
8 within I estimate three years -- be sufficient.

9 The other thing I would like to
10 emphasize here because this particular recommendation
11 is also designed for the advertising market,
12 that you really need today a national sort of
13 weekly or monthly journal that if the publisher
14 is only able to advertise in one medium
15 then he could choose this one and have some hope
16 that it would get right across the country and
17 would be seen by people other than in one
18 academic area.

19 MR. CAMP: This would be
20 trade advertising?

21 PROFESSOR PAGE: Yes.

22 MR. CAMP: I had some further
23 questions but I will allow my colleague to go on.

24 DR. JEANNERET: Your reference here
25 to a proposal about the University of Toronto Press,
26 it is not in any brief that we have received. I
27 think you are referring to a personal brief
28 by Miss Eleanor Harmon, Associate Director at
29 the University of Toronto Press which she sub-
30 mitted to the proposed Secondary Education



1 Commission and which I have been trying to persuade
2 her to update and submit to us and she felt
3 intimidated but I think we have compromised her
4 completely now and she will have to do so.
5 She didn't want to be put in the position of
6 submitting it here for some strange reason.

7 I have two or three questions.
8 We will deal with it in detail, I am sure, if it
9 ever does come before us so I won't pursue it now.
10 With regard to your statistics on imports on page
11 4, I want to raise the same question that I raised
12 in connection with one of the earlier briefs.
13 I don't think that you are misled but I think a
14 lot of people are misled when they look at the
15 import statistics versus domestic manufacturing
16 statistics. I think there is a grave danger in
17 total quantities of separate titles that are
18 individually far, far below printing runs of
19 economic size by reason of the fact that the
20 Canadian markets are relatively smaller and then
21 drawing invalid conclusions about lost domestic
22 production, that is to say, a very large proportion
23 of the total imports of \$144 million worth of books
24 imported compared with \$77 million, I think it is,
25 of Canadian made books, if you don't quote that
26 figure, must include thousands of titles selling
27 in medium quantities of 25, 50 or 100 or something
28 of that nature.

29 Now, doesn't the inclusion of
30 large numbers of titles imported in small quantities



1 in this way invalidate the significance then of
2 the figures for imports to a very large degree?
3 I think we can agree that it does. I won't even
4 pursue it unless you wish me to do so, but would
5 you argue that something should be done under
6 any circumstances to deny access for the Canadian
7 reader to these foreign works? You don't argue
8 that?

9 PROFESSOR PAGE: In the brief I
10 specifically state that I want no tariff embargoes
11 or anything else and the other thing, if I can
12 just add a further point to what you were talking
13 about a moment ago, I quite recognize the point you
14 are making and it is certainly a valid one.
15 The only thing I would say here is that there are
16 instances in which I think the universities are
17 at fault in using some of these textbooks for
18 Canadian courses and other things so that a lot of
19 the responsibility then for the size of some of
20 these figures is not just a question of the private
21 Canadian buyer of books but of other factors.

22 DR. JEANNERET: I would just like
23 to add my own concurrence with your observation
24 that you make at page 7 that,

25 " Many American professors ..."

26 And Mr. Camp was on this point, too.

27 "... teaching courses involving Canada
28 have complained that they cannot find
29 out what is being published in Canada
30



1
2 and if they find out they have
3 difficulty ordering these books."

4 In the United States -- Institute of Canadian
5 studies such as you have at Harvard, Rochester and
6 so on, they have complained that they can't find
7 out what is being published in Canada about Canada
8 or where to order the books if they do find out.
9 I couldn't agree more than I do that this is a
10 very real problem. Something is going to have to be
11 done to co-ordinate the information that is
12 available from the Canadian publishers -- I mean
13 it is available. You are absolutely right in
14 suggesting that we are not safe in relying on the
15 publishers because sometimes the publisher only
16 has two or three books that fall in this category
17 and has no reason to mount a rather complex
18 promotional campaign to reach this very thin and
19 widely distributed market in the United States.
20 Perhaps a Canadian book centre in the United States
21 could take on a section of this responsibility.
22 Have you any other ideas along this line?

23 I think it is very important that we study it.

24 PROFESSOR PAGE: Yes. Well, here
25 I suggested in the brief that something under
26 sort of the aegis of the federal Department
27 of Industry, Trade and Commerce would be fine.
28 What I would like to see is sort of a special
29 program be set up whereby, say, centred in
30 Washington there could be some type of permanent





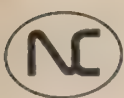
1 organization set up to facilitate this and,
2 secondly --

3 DR. JEANNERET: New York might be
4 more relevant.

5 PROFESSOR PAGE: I am just thinking
6 geographically of something further south. I
7 will not quibble with that. Secondly, that under
8 this program when the 10,000 members of the
9 American Historical Association meet in New York
10 or San Francisco as they do once a year for about
11 four days, every publisher in North America,
12 except the Canadian ones are there and I went through
13 a smaller gathering in Louisville, Kentucky
14 last Fall at a conference of historians and there
15 were about 10,000 books out on display there
16 continually being ordered by academics for their
17 libraries or for their book stores and there were
18 four books from Canada out of about 10,000. Your
19 own press, I might say, was well represented in
20 the four, but with the exception of the University
21 of Toronto Press there were no Canadian publishers'
22 works at that display.

23 DR. JEANNERET: This is why it is
24 necessary to co-ordinate the Canadian output.

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1 PROFESSOR PAGE: That is right,
2 to coordinate them and to give them some basis
3 whereby they could go around to these different
4 gatherings, because I am quite sure there would
5 be thousands of volumes sold for each one of those
6 they went to, and just from the reaction I have
7 had attending these conferences, they see on
8 my lapel that I am from Canada and the questions
9 start popping.

10 DR. JEANNERET: Repeating what
11 you have already pointed out, that is, it is not
12 economically feasible for 17 Canadian publishers,
13 if there are 17, to go down there?

14 PROFESSOR PAGE: This is quite
15 true.

16 MR. CAMP: Are you saying, however,
17 that American publishing houses who have
18 subsidiary operations in Canada, and are producing
19 Canadian works, would they be represented as
20 Canadians?

21 PROFESSOR PAGE: They were not
22 either, with one exception, they had no Canadian
23 material available there.

24 MR. CAMP: Would you give us the
25 exception?

26 PROFESSOR PAGE: The exception was
27 Irwin Dorsey of Georgetown, they had one volume
28 that I saw, at least it was a two-volume effort,
29 but it was one work.

30 DR. JEANNERET: But the thing is,



1 Canadian cities are way down on the priority list.

2 PROFESSOR PAGE: That is right,
3 but it is further down in the priority list of
4 publishers than the people who are purchasing.

5 THE CHAIRMAN: Of the Canadian
6 publishers, foreign-owned or otherwise, that
7 are in existence, how many do you think are
8 actually publishing Canadian-authored texts or
9 books that can be used in Universities? Have
10 you any idea?

11 PROFESSOR PAGE: Well, of the
12 Canadian publishing houses, there are only really
13 two that we look at as significant, the University
14 of Toronto Press and McClelland and Stewart. The
15 others publish scattered volumes, especially if
16 you are an established author.

17 THE CHAIRMAN: Do any of the
18 Canadian -- I am sorry, do foreign-controlled
19 Canadian publishing firms publish, to your
20 knowledge, publish any works on history?

21 PROFESSOR PAGE: A number of them
22 do. In fact, there are several of them that
23 in the last two years have developed quite good
24 programs, Clarke Irwin -- I am sorry -- not
25 Clarke ---

26 DR. JEANNERET: Copp Clark.

27 PROFESSOR PAGE: That is right,
28 Copp Clark, Holt, Rinehart and Winston. I am
29 just trying to think of the specific ones.
30 There are one or two others where they have



1 made initiatives.

2 THE CHAIRMAN: In any event,
3 did you discover any of those titles present at
4 the book shows, if you will, that you attended
5 through the parents of the subsidiary companies?

6 PROFESSOR PAGE: I did not find
7 any, Mr. Chairman.

8 THE CHAIRMAN: We talked earlier
9 on about the subsidies and things that can be
10 done to assist the publishing industry and
11 authors in Canada. Do you consider that any
12 argument can be made in support of that kind of
13 proposition in relation to the subsidies which
14 are granted under the regional, economic expansion
15 of the federal government, their programs for
16 industry, or the Ontario Development Corporation,
17 is there any analogy between the grants that
18 are made to industry in fairly substantial
19 quantities by those organizations for job
20 opportunities and the publishing industry,
21 do you think there is any justification it
22 could be looked at from that point of view?

23 PROFESSOR PAGE: I think there
24 is some but it is limited. It is limited because
25 of the very concentration of the publishing
26 industry in Canada in the Metropolitan Toronto
27 region and the Metropolitan Montreal region, which
28 then makes the justification in terms of job
29 opportunities limited. However, there are small
30 publishing houses in Halifax and other areas of



1 the country which are struggling today, are
2 having real difficulties to make ends meet and
3 to publish any number of Canadian titles and
4 any funds that could be made available, either
5 through the Ontario Development Corporation or
6 federal authorities, would be certainly most
7 welcome but I don't see it getting at the heart
8 of the matter because the heart of the industry
9 is in the metropolitan centres.

10 MR. CAMP: In other words, in the
11 present circumstances an academic publishing a
12 book in this country on Canadian history would
13 make a mistake if he didn't -- he would be better
14 off if he published with an American publisher
15 because of the possibility of continental
16 distribution?

17 PROFESSOR PAGE: He would be better
18 off from a financial point of view, he would be
19 better off from a marketing point of view internally
20 within Canada. The provisions for sending
21 free copies in this country, promotional materials
22 such as done by many of the large American publishing
23 houses operating in Canada, are such that that
24 certainly would be the case. The one thing,
25 if I may suggest here, the difficulty is that
26 especially if the American publisher has any
27 idea of marketing south of the line, he will
28 usually want an American chapter in the book.

29 MR. CAMP: On Canadian history?

30 PROFESSOR PAGE: On Canadian-American



1 relations. There will be a wider slant for the
2 book than you would specifically want yourself.
3 The other thing is that for chapter headings
4 for some of the structure, the planning structure
5 of the book, he will often request that it follow
6 sort of American terminology, rather than
7 Canadian, because then it will be readily
8 understood by the people south of the line.

9 MR. CAMP: That is a very
10 interesting observation. We have not had any
11 comments on that before. Thank you.

12 THE CHAIRMAN: Thank you very
13 much, Professor Page. We appreciate very much
14 your appearing here today. Your presentation was
15 very interesting.

16
17 SUBMISSION OF PRENTICE-HALL OF CANADA LTD.
18

19 THE CHAIRMAN: We have with us
20 now, Prentice-Hall of Canada, Mr. Wallace A.
21 Matheson, President, and Mr. G.B. Halpin, Vice-
22 President, Editorial and Mr. E.E. Campbell,
23 Vice-President, Sales. Gentlemen, we welcome
24 you and if you could touch on the high points of
25 your brief, we will get on with the discussion.

26 MR. MATHESON: Thank you, Mr.
27 Chairman. I would like to make an introductory
28 statement which will not necessarily touch upon
29 the substance of our brief. However, I assume
30 we will come to that later.



1 Gentlemen, on behalf of Prentice-Hall
2 of Canada, I want to thank you sincerely. It is
3 a very difficult and responsible duty you have
4 accepted. The recommendations you make and the
5 policies the Ontario Government elects to
6 implement could be of great consequence to the
7 book publishing industry in Canada. It appears
8 that the industry is in a state of poor health.
9 Some reports have suggested the patient is the
10 victim of a temporary virus. Others have
11 suggested it is in need of corrective surgery
12 and still others have suggested it is already
13 in the terminal stages.

14 Regardless of the final prognosis,
15 the patient is in the process of sustaining an
16 overdue and welcome catharsis. As a person who
17 has been actively engaged in this industry for
18 the last 18 years, I am very much concerned by
19 the irresponsible and inaccurate statements that
20 have tempered the public media in recent months.
21 The concern catapulted into alarm when I
22 was advised of this Commission's interim report
23 of March 23rd, 1971. I have read that report
24 and I have re-read that report. The possible
25 and probable ramifications of the recommendations
26 suggest that the thalidomide treatment has been
27 proposed. Surely there are ways by which
28 publishers such as McClelland and Stewart and
29 others, committed to encouraging Canadian
30 intellectual and cultural authorship can be



1 assisted in doing so, if indeed such assistance
2 is generally required and justifiably earned
3 without resorting to government control.

4 The government of Ontario, via the Ontario
5 Department of Education, is probably the largest
6 single customer of the Canadian book-publishing
7 industry. To have a vested interest in one
8 member of that industry offers the opportunity
9 of abusive and unfair business practices ---

10 THE CHAIRMAN: I am sorry. I
11 hope you will be able to justify the statements --
12 you are making statements now which I hope
13 you will be able to justify, having to do with
14 vested interest, and anything of this kind.
15 I am just saying to you, I hope you are choosing
16 your words carefully because, if you are going
17 to use the words "vested interest", you have not
18 really read our report.

19 MR. MATHESON: With all due respect,
20 sir, I have read the report. I am suggesting
21 that these opportunities may exist and it alarms
22 me if there is any possibility of them ever
23 coming about. I feel very strongly to have
24 any interest, one member of an industry that
25 will offer an opportunity of abusive and
26 unfair business practices which could ultimately
27 be motivated by other than high educational
28 standards. Most Canadians want a strong book-
29 publishing industry. In simple terms that
30 industry can be said to have three basic elements:



1 the author, the publisher and the market.
2 Sensible, non-discriminatory, moral and financial
3 support to elements 1 and 3, Canadian authorship
4 and the Canadian marketplace, will inevitably
5 lead to stronger and healthier publishers
6 and these publishers should be encouraged to
7 pursue their programs in the competitive, free-
8 enterprise economy.

9 Having said this, I would refer
10 to my Brief where the recommendations that we
11 have made relate to those two elements of the
12 publishing industry, basically the author and
13 the market. I would be happy to qualify any
14 recommendations that we have made.

15 DR. JEANNERET: I have a number
16 of questions in relation to your brief and on
17 the general statements you made, I don't want
18 to say very much. I have been thinking of the
19 thought of forgivable loans, or something of that
20 nature, where involved, we would say such a firm
21 benefited from forgivable loans, but under those
22 circumstances tendered to the government on any
23 government contract, that a Crown Corporation
24 should not, under those circumstances, enter
25 into tenders for work for the government and so
26 on. Would that follow?

27 MR. MATHESON: Dr. Jeanneret,
28 the point of the recommendation that specifically
29 worries me, I would be happy to quote, on page
30 3:



1 "The debentures so acquired
2 would bear no interest in the first
3 five years and no interest thereafter.
4 They would be convertible at the
5 option of the O.D.C. and the
6 treasury common shares in sufficient
7 number to provide the minimum
8 i.e., more than . . ."

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15 DR. JEANNERET: I don't think you
16 have answered my question and I don't think I
17 will pursue it. On page 2 you refer to the fact
18 that:

19 "Provincial departments of education
20 always consider price in approving new
21 texts, and often establish price
22 ceilings, which are not always
23 realistic in terms of the costs
24 involved."
This is an interesting topic

25 and it is one we have had discussions on.
26 Would you like to describe to the Commission
27 something about the adoption procedure, not
28 the whole sordid story, but something about
29 it so far as it relates to the establishing
30 of price. I think you might use Ontario as an



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example, if possible, the selection of price,
the factor of price in the decision to include
a work -- I presume you mean Circular 14, how
the price is negotiated, how its revision is
proposed and ratified and so on. Is there
any information you could give us there? I
am not trying to prove anybody wrong or anybody
right. I just want to see.



1 MR. MATHESON: May I defer it to
2 Mr. Halpin, our Editor in Chief?

3 MR. HALPIN: When the system of
4 grants involved \$3 per pupil in recent years was
5 in effect it certainly had its effect upon the
6 decision of selection of textbooks in Circular 14
7 in my experience. This has somewhat changed
8 now but for many years price was a consideration
9 as, of course, it always is but it was directly
10 related to the grant per pupil at that time.

11 DR. JEANNERET: Thanks, that is
12 fine. Would you like to outline-- I will address
13 my questions to Mr. Matheson and you can further
14 them if you like, Mr. Matheson -- would you
15 outline to the Commission your own firm's views
16 with regard to the effectiveness of Circular 14,
17 the justification for such a prescribed list
18 from which selections might be made as well as
19 your views regarding the Canadian content emphasis
20 that has characterized it in the past. In other
21 words, if you would just give us your views on
22 Circular 14, past, present and future?

23 MR. MATHESON: I don't think I have
24 any serious issue to take with Circular 14. I
25 think that Circular 14 has been responsible for
26 many firms beginning a Canadian publishing program
27 and I think that the quality of textbooks produced
28 by firms publishing books in Canada for the Ontario
29 market would support that point of view and the
30 quality of the books has shown a marked improvement



1 over the last few years and in theory and in
2 principle I would support the philosophy of
3 Circular 14.

4 DR. JEANNERET: You have favoured
5 it in the past in your dealings with the department.
6 I don't suppose you have been involved in
7 representations to the department and I don't
8 know that you have.

9 MR. MATHESON: Our firm has not.

10 DR. JEANNERET: Would you describe
11 just where, as precisely as possible, the decision
12 to publish is made for your firm? This comes
13 up in several points.

14 MR. MATHESON: The decisions for
15 our firm now are made in Toronto by the group that
16 are addressing you today. I will be equally
17 frank in saying that this was not always so.
18 When we first began we had complete autonomy to
19 publish books at the college level because that
20 was the level of publishing with which we had the
21 most experience. Over the years we earned our
22 spurs in elementary and high school publishing
23 and trade book publishing. We make our own
24 decisions. If we make too many bad ones we will
25 probably hear about it at the end of a given
26 fiscal year. That is the only control or influence
27 exhibited.

28 DR. JEANNERET: Thank you,
29 Mr. Matheson. Why do you say on page 15 that:
30 "
Books published by Prentice-Hall of



1 " Canada Ltd. for the Canadian
2 market, if successful, can be more
3 profitable."

4 You mean presumably more profitable in relation
5 to imported books. Surely if the same number of
6 copies could be sold of an imported book the
7 parent company would benefit to a greater extent
8 than it would by having to reincure preparatory
9 costs for a separate Canadian book. I would
10 think that we could agree on that.

11 Do you mean more profitable to
12 the Canadian company would be the sale of an
13 equivalent number of copies imported having
14 regard to the margin of profit allowed the
15 Canadian company by the parent firm? Is this
16 what you mean?

17 MR. MATHESON: I mean to say it
18 would be more profitable to Prentice-Hall of
19 Canada.

20 DR. JEANNERET: But Prentice-Hall
21 of Canada is responsible to Prentice-Hall of
22 U.S.A., of course?

23 MR. MATHESON: Yes.

24 DR. JEANNERET: Less profitable
25 to Prentice-Hall, U.S.A. then?

26 MR. MATHESON: Possibly. My
27 performance and that of my associates is judged
28 on the basis of the operation of Prentice-Hall of
29 Canada and that is where we put our prime
30 considerations.



1 DR. JEANNERET: I won't pursue it
2 too far but if you had an opportunity to sell
3 5,000 copies of a home office book or build a new
4 book and sell 5,000 copies then I am sure
5 Prentice-Hall, U.S.A. would be happy to perform it?

6 MR. MATHESON: They have not so
7 indicated.

8 DR. JEANNERET: Well, I don't think
9 that the alternative has arisen just in that form
10 but we are thinking now in terms of policy.
11 On page 16 you list some of the incentives for
12 the Canadian firm to develop Canadian materials.
13 You note, for example, that it is only coincidental
14 that existing textbooks meet the requirements
15 specified for a new course in the el-hi level
16 which is probably quite true but surely it would
17 be even more profitable if not with any company
18 if you could secure Canadian textbook adaptations
19 of American textbooks adopted for Canadian use,
20 this is another type of the same thing. In
21 other words, does the incentive for you to adopt
22 rather than develop afresh arise only in fields
23 where, to use your own words,

24 " Educators may wish to take advantage of
25 research programs from other countries
26 developed over several years at the cost
27 of millions of dollars".

28 You would favour accessibility to the Canadian
29 market, you would favour the Canadian market being
30 open to the Canadianized version of an imported



1 book wherever possible?

2 MR. MATHESON: I would favour it
3 in principle, Dr. Jeanneret, but I think in
4 practice one must always acknowledge that whatever
5 books are used must fit a curriculum requirement.
6 If it happens that a U.S. or, indeed, a British
7 book, comes close to fitting that requirement
8 and the opportunity to acquire Canadian authors
9 to fill that need is not at that time imminent
10 then obviously one would go towards the most viable
11 product at that stage but it is very unusual that
12 all of these things blend together at the one time.
13 It has not happened in our experience to date.

14 DR. JEANNERET: Well, it would be
15 more economic to Canadianize than to start building
16 from the ground up, surely?

17 MR. MATHESON: Yes, it could be,
18 particularly in large series books where it would
19 be unrealistic to assume that you would put
20 adequate authorship together in the period of
21 time required.

22 DR. JEANNERET: My other questions
23 relate to the same matter and I think I will pass
24 on.

25 MR. CAMP: Mr. Matheson, you and
26 I have a vested interest in common, Acadia University.
27 You are Canadian as well as most of the management
28 of your firm?

29 MR. MATHESON: Yes, sir, all of our
30 management and all of our staff with the exception



1 of one or two non-nationals that we have hired
2 and we have hired them on the basis of ability and
3 not nationality.

4 MR. CAMP: But you don't have people
5 who are sent from the home office, so to speak,
6 to take over various responsibilities in the firm?

7 MR. MATHESON: No, sir, nor is
8 Prentice-Hall of Canada considered within the
9 international structure of Prentice-Hall
10 Incorporated.

11 MR. CAMP: I was merely trying to
12 clarify your own words in your brief where you say,
13 " Many of these foreign firms (of which
14 I take Prentice-Hall to be one) have
15 brought to Canada an expertise an
16 established publishing commitment which
17 certainly must be considered beneficial
18 to the cultural, intellectual
19 development of Canada."

20 I was going to ask you to define more precisely
21 the expertise that you feel Prentice-Hall has
22 brought to your operations in Canada?

23 MR. MATHESON: I suspect I was
24 motivated by two considerations when I made that
25 statement. I am mindful of many things done by
26 some of our competitors, one firm in particular
27 being Holt, Rinehart and Winston and some
28 of the fine books that the Winston Company over
29 the thirties and forties developed for Canadian
30 schools at that time as they are today. At that



1 time as they are today they were and are a foreign-
2 controlled company. The other consideration was
3 that whatever skills I attempt to exercise and those
4 of my associates have largely been learned through
5 the training and through the past experience of
6 our associates within Prentice-Hall Incorporated
7 and we are very much appreciative of that.

8 MR. CAMP: There is no interference
9 but something rubs off.

10 MR. MATHESON: As I mentioned, there
11 was a stage at the beginning of our development
12 when we had to depend very strongly on their
13 opinions and their guidance. To some degree we
14 have earned our spurs and as it relates to our
15 own program we control it.

16 MR. CAMP: Could I ask you how
17 many titles you are publishing in Canada, say last
18 year?

19 MR. HALPIN: Eighteen.

20 MR. MATHESON: And how many do we
21 have slated for this year?

22 MR. HALPIN: About 30.

23 MR. CAMP: I didn't hear your
24 question to Mr. Halpin. I heard his answer but what
25 was the question?

26 MR. MATHESON: We published last
27 year 18 and we have in production currently about
28 30.

29 MR. CAMP: Could you break those
30 down in terms of texts and so on?



1 MR. HALPIN: Most of our operation:
2 is involved with text publishing and I would say --
3 and I don't have these right in front of me but
4 I can give you an estimate. There are five
5 trade books and the rest are text.

6 MR. CAMP: Could you tell me how
7 many of your Canadian titles, could you give me
8 a figure in terms of export to the United States
9 or to any other market?

10 MR. HALPIN: The figure you mean?

11 MR. CAMP: Is it negligible, is
12 it significant?

13 MR. HALPIN: Well, it depends upon
14 the nature of the book, of course. If it is
15 strictly a Canadian product our parent company
16 carries an inventory and distributes and advertises
17 it and catalogues and distributes it mainly for
18 library catalogues, mainly for Canadian studies
19 programs in the United States.

20 MR. CAMP: What is the size or the
21 significance of that market?

22 MR. HALPIN: It would vary from a
23 few hundred copies to several thousand, of course,
24 again depending on the nature of the book.

25 MR. CAMP: You don't have an
26 example, do you, of a book that you recall having
27 enjoyed that type of success or circulation in
28 the United States?

29 MR. MATHESON: Yes, I think we do.
30 The Law and Business Administration in Canada by



1 Smyth and Suberman . . . published in Canada
2 for the last several years. It has probably sold
3 over 1,000 copies in the United States. The
4 trade title we published last year, the Art of
5 Anglin by Tiny Bennett has sold over 2,000 copies
6 in the United States and they have now placed a
7 re-order and are actually pushing this into a
8 second printing.

9 MR. CAMP: The titles you publish
10 here, do I understand they are all printed here?

11 MR. MATHESON: Yes.

12 MR. CAMP: I was interested in your
13 statement on page 18 where you say,

14 " . . . pioneered such publications . . . "

15 And you are talking here about college publications
16 and you mention several types of publications
17 and I just wanted to identify for the record
18 publications which you feel Prentice-Hall has
19 pioneered in, in let us say the area of political
20 science or history.

21 MR. HALPIN: May I answer that?

22 Along with our competitors -- we are not the only
23 one who have published books in those areas --
24 it was not until about ten years ago that the
25 markets, due to increased college enrolments
26 reached levels where a number of books could be
27 published in Canada in such fields as going beyond
28 the very basic text of introductory courses.
29 We have published Party Politics in Canada by
30 Hugh Norman of Queen's University which was a



Nethercut & Co. Ltd.

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Toronto, Ontario

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venture that we had no knowledge of because

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courses in Party Politics at that time --

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1 MR. CAMP: When was that published?

2 MR. HALPIN: 1963. It was the
3 first book we published.

4 MR. CAMP: The first book you
5 published?

6 MR. HALPIN: As Prentice-Hall of
7 Canada.

8 MR. CAMP: "Several of these
9 texts have been published in French and English"
10 and I would like to know something about your
11 experience in this regard. What I would like
12 to know is, obviously, when you say "published
13 in both French and English," most of them would
14 be from English into French, would they not?

15 MR. HALPIN: That is correct.

16 MR. CAMP: Would there be any
17 from French into English?

18 MR. HALPIN: Not in terms of
19 complete books, although we have books that
20 have had contributions that were submitted in
21 French.

22 MR. CAMP: Where do you get your
23 French, do you have people employed in the company
24 or do you employ services outside the company
25 for translation facilities?

26 MR. HALPIN: I am not sure if
27 I understand the question.

28 MR. CAMP: If you are going to
29 translate a book from English into French,
30 what I am looking for is some idea of the cost



1 in terms of the potential sales, producing a book,
2 translating an English text or an English book
3 into French.

4 MR. HALPIN: Well, we hire professional
5 translators. We do not have permanent employees
6 as translators.

7 MR. CAMP: Where do you get them?

8 MR. HALPIN: Wherever we can.
9 It is difficult too, with so much being
10 translated.

11 MR. CAMP: In Canada?

12 MR. HALPIN: In Canada, yes.

13 DR. JEANNERET: I think Mr. Camp
14 has opened up an interesting point. On this
15 matter of your policy regarding French-language
16 editions of college texts, and indeed any other
17 French-language editions that you have issued,
18 I personally think the Commission would find it
19 useful to hear your own experiences regarding
20 market resistance and indeed even associations
21 or government interference in the free-marketing
22 expeditions in the province of Quebec in particular.
23 I think you could afford to be as precise as
24 you wish because it is of interest to us. I
25 would like to get this into the record. You
26 are not speaking just for Prentice-Hall here;
27 you are speaking of translating editions of any
28 language into English? *et cetera*

29 MR. MATHESON: We have not faced
30 official resistance, Dr. Jeanneret, as we could



1 so identify it. We have resident representatives
2 in the Province of Quebec whose responsibility
3 it is to call upon universities, CIGEPS and
4 other institutions within the province and they
5 attempt to determine the market needs and if
6 we can discover a satisfactory base, we consider
7 publication to meet those needs. We have been
8 relatively successful in selling the French-
9 language editions of our Canadian historical
10 document series. We have been quite successful
11 in selling French-language translations of
12 our sports trade books, such as the Jean Beliveau
13 Hockey Book and the Maurice Richard Hockey Book.
14 I am hopeful that we will not encounter official
15 resistance.

16 DR. JEANNERET: Beliveau and
17 Richard wrote in English and you translated it
18 into French?

19 MR. MATHESON: Originally the
20 manuscript of the Richard book was in French,
21 then into English ---

22 DR. JEANNERET: You had to
23 translate it back again?

24 MR. MATHESON: No.

25 MR. CAMP: I assume that Prentice-
26 Hall publishes both fiction and poetry in the
27 United States?

28 MR. MATHESON: No. They publish
29 limited fiction and, to my knowledge, no poetry.
30 The fiction is on an experimental basis.



1 MR. CAMP: How long have they
2 been experimenting?

3 MR. MATHESON: Well, they were
4 particularly successful in the 1940s with the
5 publication of the Miracle of the Bells. I
6 think their next successful fiction was in
7 the early 1960s with Up the Down Staircase.
8 Anything in between was spectacularly
9 unsuccessful.

10 MR. CAMP: Up the Down Staircase
11 was almost a textbook.

12 MR. MATHESON: It was considered
13 fiction.

14 MR. CAMP: I was going to beg
15 the question. Does your competitor, McGraw-Hill,
16 publish fiction in the United States too?

17 MR. MATHESON: I think they do
18 occasionally.

19 MR. CAMP: In Canada?

20 MR. MATHESON: I do not know.

21 MR. CAMP: But you say at
22 present you do not publish fiction. Do you
23 mean you would, or do you consider it a loss-leader
24 in publishing?

25 MR. MATHESON: We have considered
26 fiction manuscripts and will continue to do so.
27 They are very, very difficult to qualify.

28 MR. CAMP: How many Canadian
29 manuscripts do you get in a year?

30 MR. HALPIN: You mean unsolicited



1 manuscripts that come in to us?

2 MR. CAMP: I would assume all your
3 solicited manuscripts are published?

4 MR. HALPIN: Most of them. I would
5 guess that we have three to four hundred that
6 are proposed to us every year.

7 DR. JEANNERET: A lot of these
8 could be published in the States, of course?

9 MR. HALPIN: Some of them.

10 THE CHAIRMAN: Mr. Matheson, I
11 will perhaps start off the way you started off.
12 I will say to you that, for my part, an examination
13 of your brief and all the things you have said
14 about Prentice-Hall of Canada, there is no
15 question that the contribution your firm has
16 made in its relatively short existence to the
17 educational system in this country and to the
18 development and growth of this culture is a
19 significant one.

20 MR. MATHESON: Thank you, sir.

21 THE CHAIRMAN: It is significant
22 and obviously your firm has met it -- the titles
23 are significant. During the sittings of
24 this Commission, one of our functions is to
25 examine the overall status of the industry. It
26 has somehow fallen to our lot to make reference
27 to this, the opening paragraph of your
28 supplementary statement. We are confronted
29 with very difficult and responsible duties.
30 The degree of difficulty increases as we go



1 further into this whole field. So any expressions
2 of sympathy that are directed to our particular
3 quarter, are always received with a great deal
4 of warmth.

5 Having said that, I for one, and
6 I think I am gaining a more profound appreciation
7 of the participation of foreign-controlled
8 publishing houses in this country. I hope that
9 I am in a position to have my education expand.
10 I think all my life has been spent in one
11 field or another being educated and I am not
12 going to stop that and I hope I never will.

13 I want to, if I may, ask you one
14 or two questions about the structure of your
15 company and, believe me, it does not relate in
16 any way or reflect any kind of an attitude.
17 This is not my role or function. I am interested
18 in true constructions of words that have been
19 said and statements that have been made. I
20 wondered, with regard to your parent corporation
21 and your own subsidiary here, whether the
22 Canadian subsidiary is, in fact, wholly owned,
23 all the shares are owned by the parent corporation?

24 MR. MATHESON: Yes, they are.

25 THE CHAIRMAN: Do you or any
26 of your colleagues hold any of the shares
27 beneficially in the Canadian company?

28 MR. MATHESON: Not in an outright
29 fashion.

30 THE CHAIRMAN: In a less than



1 outright fashion?

2 MR. MATHESON: I can only tell you
3 at the time of incorporation I was assigned
4 a certain number of shares.

5 THE CHAIRMAN: Do you hold those
6 in trust for someone?

7 MR. MATHESON: Yes, for all purposes
8 the company is a wholly-owned subsidiary.

9 THE CHAIRMAN: All right. Now,
10 with regard to your operation over the years,
11 have you considered your operation in Canada
12 from a financial point of view, has in fact been
13 successful?

14 MR. MATHESON: Yes, I do.

15 THE CHAIRMAN: Does that mean
16 you have made a profit in each year or almost
17 every year?

18 MR. MATHESON: Yes.

19 THE CHAIRMAN: In each year?

20 MR. MATHESON: In almost every
21 year.

22 THE CHAIRMAN: What is the state
23 of the business now?

24 MR. MATHESON: Profitable.

25 THE CHAIRMAN: And do you consider
26 your own business at Prentice-Hall is in a poor
27 state of health?

28 MR. MATHESON: No.

29 THE CHAIRMAN: To what extent,
30 if any, do you attribute the present state of health



1 of your firm, which is commendable, to the association
2 which your firm has with its parent in the United
3 States; either financially or through market
4 opportunities, or supply of inventory or whatever?

5 MR. MATHESON: I would have to
6 say to a large degree. I would also say that
7 fortunately the publishing commitments that
8 we have made have been rather good ones.

9 THE CHAIRMAN: That is good.

10 MR. MATHESON: Any one of which
11 could have had a detrimental or adverse effect.

12 THE CHAIRMAN: When you say
13 that you are also speaking, are you not, of a
14 possibility which lies in the hands of any
15 publisher once he makes a decision to publish
16 a particular book?

17 MR. MATHESON: Very much so.

18 THE CHAIRMAN: And it is
19 subjective in its risks?

20 MR. MATHESON: It is a high-risk
21 industry.

22 THE CHAIRMAN: And is that not
23 so for the textbook segment of the publishing
24 industry, it is a high-risk area, maybe moreso?

25 MR. MATHESON: It is a market
26 which cannot be as carefully researched prior
27 to the publishing commitment.

28 THE CHAIRMAN: Now, to the extent
29 that your company is successfully doing business
30 in Canada, to the extent that it has the strength



1 which is given to it by its association with its
2 parent firm, do you consider that in relation to
3 Canadian-controlled firms which do not have this
4 kind of advantage that such firms are working
5 at any kind of competitive advantage to a firm
6 like yours?

7 MR. MATHESON: Certainly one would
8 have to state that the difficulty they encounter
9 securing capital financing would place them at
10 a disadvantage. Certainly if they are entering
11 a publishing milieu without the experience, the
12 expertise which comes from the association with
13 an established firm, would also put them at a
14 disadvantage?

15 THE CHAIRMAN: Yes. Will you
16 consider that under the present circumstances,
17 and your knowledge, which is very broad, of the
18 publishing industry in Canada, that for a
19 Canadian-controlled publishing house, whether
20 McClelland and Stewart, or any other, that the
21 task of obtaining capital is a difficult one?

22 MR. MATHESON: Yes.

23 THE CHAIRMAN: And without
24 developing an association with a pool of
25 capital in a parent firm elsewhere that
26 a firm such as that must rely, if it is going
27 to grow competitively, on a source, either a
28 banking source or private capital source, which
29 is infused, something along this line, or
30 disappear?



1 MR. MATHESON: Or go public and
2 solicit public financing, public involvement.
3 This, in fact, is the way my parent firm developed.

4 THE CHAIRMAN: Yes. Now, I am
5 somewhat concerned by your gratuitous statements
6 with respect to the words that you used in
7 relation to our recommendation which we were
8 moved to make. I wondered if, competitively
9 speaking, you might have been moved to make the
10 statement you did for the reason that, if
11 McClelland and Stewart were allowed to go
12 bankrupt, which appears to be the situation
13 you suppose, that it would be of a competitive
14 advantage to Prentice-Hall of Canada Limited?

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1 MR. MATHESON: No, sir, I think
2 I can honestly say that that was not the motivation.
3 Personally, I am delighted that there appears to be
4 some assistance forthcoming for McClelland & Stewart.
5 I, like any other good Canadian, admire many of
6 the things they have done over several years.
7 The one point that worries me is the conversion
8 of the debenture into common shares which in turn
9 could involve the government in direct ownership
10 of a publishing company. That is what worries me.
11 If that clause were out of there I don't think I
12 would feel nearly as concerned as I do.

13 THE CHAIRMAN: But you will agree
14 that the conversion factor has not been exercised?

15 MR. MATHESON: Yes, sir, I do
16 agree it has not been exercised. I acknowledge
17 that it has been offered.

18 THE CHAIRMAN: I am sorry?

19 MR. MATHESON: I acknowledge that
20 it was included. I wish it were not included.

21 THE CHAIRMAN: Now, you, of course,
22 stand in the position of wanting to see
23 competitive free enterprise economy?

24 MR. MATHESON: Very definitely.

25 THE CHAIRMAN: And on that basis
26 so long as you have your capital you are content
27 and as far as you are concerned the only objection
28 that you have then to the report of this Commission
29 is in the area of the convertible aspect of the
30 deventures, is that your position?



1 MR. MATHESON: I would feel quite
2 content with the content of the interim report,
3 Mr. Chairman, if there was no provision whereby
4 the government could conceivably enter actively
5 into the publishing of books in this country.

6 THE CHAIRMAN: Now, in relation to
7 this --

8 MR. CAMP: I just want to ask you
9 why? I am not saying that it would not occur
10 to a number of people, the possibilities.

11 THE CHAIRMAN: Augmenting the
12 question -- that is a good question -- augmenting
13 the question in this way, by saying that quite
14 clearly from the recommendation the recommendation
15 in this regard, was for a prudent additional
16 security. If you were lending money of this
17 quantity or recommending it under prudent normal
18 business circumstances, surely it is the kind of
19 security you as a lender would seek. Is that
20 not true? You are a pretty prudent
21 businessman.

22 MR. MATHESON: I recognize your
23 dilemma, Mr. Chairman. I don't know what the
24 solution is.

25 THE CHAIRMAN: As a prudent
26 businessman if you were lending money under these
27 kind of circumstances, would you or would you not --
28 I am bound by your answer -- ask for additional
29 security?

30 MR. MATHESON: If I were loaning this



1 money. I am not sure as a prudent businessman
2 I would.

3 MR. CAMP: I know what you mean.
4 Could I get an answer to my question?

5 MR. MATHESON: There are all kinds
6 of ramifications many of which don't even come
7 to my mind.

8 MR. CAMP: It would be interesting
9 for the record, though.

10 MR. MATHESON: I am aware of the
11 fact that sooner or later McClelland & Stewart
12 within their publishing program would be submitting
13 materials for official listing and approval
14 by the Ontario Department of Education. At
15 that point there must be possibilities of conflict
16 of interest within the Civil Service bureaucracy.
17 There has to be and this worries me greatly.
18 I think that can be followed up with all kinds of
19 detail. However, I don't think it is necessary at
20 this point.

21 MR. CAMP: Well, I don't want to
22 drive the horse into the ground at all, but that
23 is your principal objection?

24 MR. MATHESON: It is certainly
25 one that I have immediately identified. I
26 suspect there may be others.

27 MR. CAMP: The conflict of interest?

28 MR. MATHESON: Yes and an
29 opportunity for unfair business practice as it
30 relates to other publishing companies, not the

1 recipients of such aid seeking that same market-
2 place.

3 MR. CAMP: On the present basis
4 on which textbooks are purchased, can you give me
5 a scenario whereby books published by
6 McClelland & Stewart in the hypothetical event
7 that the government ends up with a controlling
8 interest, in the way in which textbooks are
9 published, how can the government possibly exploit
10 that situation to your disadvantage?

11 MR. MATHESON: Well, let us take a
12 hypothetical case, a series of mathematic
13 books which may go over four or five grades. In
14 order to physically produce these books and price
15 them economically and competitively within the
16 marketplace it may be necessary for the publisher
17 in this hypothetical case McClelland & Stewart,
18 to commit themselves to publish a minimum of 50,000
19 copies of each book. They must do this prior to
20 receiving official approval for a listing on
21 Circular 14. It could be that at the time they
22 submit these for consideration to the authorities
23 governing Circular 14 that competitive books have
24 also been submitted and the competitive books get
25 the nod for any number of reasons -- content or
26 format or relevance to the curriculum -- in which
27 case McClelland & Stewart is then sitting there with
28 a 50,000 copy inventory of these various books
29 without a market.

30 MR. CAMP: If they can get it under



1 Circular 14 and still end up with 50,000 or 48,000.

2 MR. MATHESON: Their chances of
3 sale are decreased once they are off Circular
4 14.

5 DR. JEANNERET: That is by a
6 professional committee not ODC.

7 MR. MATHESON: Yes. I would think
8 there is an opportunity here for subtle means
9 of persuasion.

10 MR. CAMP: It is a position I
11 would not like to even consider.

12 THE CHAIRMAN: If this was an
13 advantage which was to be given to a Canadian-
14 controlled publisher as opposed to a foreign-
15 controlled publisher do you think this would be
16 bad?

17 MR. MATHESON: I am sorry, sir.

18 THE CHAIRMAN: I will ask you again:
19 If this was an advantage that was given to a
20 Canadian-controlled publisher over a foreign-
21 controlled publisher, do you consider that this would
22 be a bad scene?

23 MR. MATHESON: That is not really
24 the way I am evaluating it. I am looking at it
25 from the point of view of the possibility of
26 accepting less than the best material because
27 it emanates from an organization which has been
28 financially subsidized by the government and the
29 government is the recipient of that material.

30 MR. CAMP: I take it there is a

1 proportion of the profits of the Canadian
2 subsidiary returned to the American company?

3 MR. MATHESON: Yes.

4 MR. CAMP: You see, following your
5 analysis I could suspect that you could already be
6 discriminated against, the possibility is very
7 live but whereas you have a vested interest
8 in rewarding the American parent the Canadian
9 publisher has the opportunity of rewarding the
10 Government of Ontario so that the government, if
11 it wanted to exercise prejudice in the book
12 publishing field in terms of the material it
13 chose to put in its schools could discriminate against
14 you but it never has, or has it?

15 MR. MATHESON: Not to my knowledge
16 but are we facing the fact of eroding the very
17 highest educational standards?

18 MR. CAMP: So you are saying for
19 the sake of a \$900,000 loan, if that is what it is,
20 in an industry of this size and magnitude of
21 significance in Ontario, you really feel that
22 there are genuine risks of discrimination against
23 you and in favour of, say, McClelland & Stewart?

24 MR. MATHESON: I think there is an
25 opportunity for discrimination against all
26 publishers other than those in which the government
27 has a direct financial interest.

28 DR. JEANNERET: You would have to
29 discredit the professional committee before
30 your argument would begin to operate and you have



1 not tried to do that?

2 MR. MATHESON: I would not consider
3 doing that, Dr. Jeanneret. I am simply saying
4 the opportunity could be created and this worries
5 me greatly. I would hope it never comes about.

6 THE CHAIRMAN: We hope it will never
7 come about as well. It was certainly not part of
8 our recommendation whatsoever that it should come
9 about. In any event, I think that is apparent
10 in the recommendation itself. The use of the
11 word "thalidomide" is a very interesting one and
12 very dramatic. Of course, the antithesis
13 is, I wondered whether you felt that the alternative
14 would be that we should allow the anaesthetic to
15 be applied in a lethal dose to McClelland &
16 Stewart.

17 In any event we have taken a
18 position which we think is obviously one which we
19 think is operative and we have great faith in those
20 who may implement whatever recommendations there
21 are and we might also note that we did say in our
22 recommendation at the conclusion of it, that should
23 there be a sale or a purported sale to an
24 American-controlled interest we would be prepared
25 to make recommendations in relation to that
26 particular sale.

27 I must say it was very much in our
28 minds, the element of a convertible factor only
29 related to an eventuality of that kind so we
30 gave the government an opportunity at the right



1 time. It was never in our minds anyway that the
2 government should be involved in the industry
3 directly.

4 I might say that I don't know,
5 Mr. Matheson, in listening to the discussion some-
6 times I get from you, or we get from you, an
7 opinion which is yours, which is Canadian, and at
8 other times you speak as the officer of your
9 company which has really two hats. In any event,
10 we appreciate very much the approach you have
11 taken, we understand that you are a strong
12 Canadian and we commend you for that and we
13 appreciate your assisting us with the benefit
14 of your wisdom and background and the position
15 which you have taken.

16 MR. MATHESON: Thank you,
17 Mr. Chairman. I would simply like to summarize
18 my point that I think my associates and, indeed,
19 many of my peers who are non-Canadian owned
20 publishing companies laud you most sincerely
21 for having taken action to prevent the departure
22 of a company as fine as McClelland & Stewart.
23 The concern I voice to you is a very honest one.
24 If we can circumvent that I think we will all, as
25 a country and as an industry, be much better off.

26 Thank you.

27 THE CHAIRMAN: Thank you.

28 --- Recess.

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SUBMISSION OF GROLIER LIMITED

THE CHAIRMAN: Gentlemen, thank you for waiting. We have Grolier Limited, Mr. Trueland, President, Mr. Brown, the Vice-President and Mr. Stark, Vice-President.

Gentlemen, if you could assist us by proceeding.

MR. TRUELAND: Mr. Chairman, I would like to introduce my associates. Mr. Brown is Vice-President and Director of Grolier Limited. He was also instrumental in building the Encyclopedia Canadiana and played a very big part in the development of that publication. He is General Sales Manager of our Toronto branch and is also a director of our national school and library division.

Mr. Donald Stark is a Vice-President of the company and Director of Grolier Enterprise which is the mail order arm of our company.

In our brief we confined our comments to Grolier's goal as a publisher and did not cover our distribution activities. I should point out that in addition to our role as a publisher we also distribute reference books directly to the consumer, distribute books by mail, distribute a line of children's library books and distribute encyclopedias and other reference materials to schools and libraries.



1 We now realize that the Commission
2 is keenly interested in all aspects of distribution,
3 and rightly so, so I have asked Mr. Brown and
4 Mr. Stark to attend with me to answer any
5 questions you might have in their respective
6 areas of marketing.

7 Distribution in these fields is
8 highly competitive. However, if there is any
9 detailed information or statistics on distribution
10 that would be helpful to you, we would be glad
11 to prepare a confidential brief on this subject.

12 There are a few points in the brief
13 which I would like to emphasize. We have made
14 reference in our brief to a wide variety of
15 activities that go on within the publishing
16 industry and are pleased to see the Commission
17 has recognized that this industry is highly
18 fragmented, something that others have failed
19 to take into consideration. Unless this is
20 recognized, restrictions or controls and
21 assisting one branch of the industry could be
22 detrimental to the industry as a whole and not
23 in the best interests of Canadian readers.

24 Grolier is an international
25 organization represented in 45 countries,
26 publishing books in Portuguese, Spanish, Japanese,
27 Italian, as well as French and English. Our
28 Canadian officers and executive are part of a
29 corporate family. I believe our brief has
30 demonstrated that Canadians have had an influence



1 on the contents of Grolier publications. I believe
2 that we have also shown that we have made a major
3 contribution in publishing and printing in Canada.
4 Our marketing methods, direct sales and mail order,
5 are concerned with the development of markets
6 for educational books. Outside of the large
7 urban centres there are few well-stocked book stores.
8 A large segment of the population has no access
9 to book stores or libraries. This market can
10 only be reached by mail or through direct
11 representation. The growth of this company, our
12 company, over the past ten years, is ample proof
13 that we are filling this need.

14 The supplementing of the regular
15 retail market by direct sales and mail order had
16 been a valuable factor in the education of
17 children and development of readers, factors
18 from which the entire industry has benefited
19 These methods of marketing, so often misunderstood
20 and sometimes subject to criticism, are vital
21 to the wider distribution of books in Canada.

22 Yet, distribution, as pointed
23 out in our brief, is often hampered by excessive
24 municipal licensing, a trend that seems to be
25 increasing. In fact, licensing is often
26 discriminatory. We would hope, gentlemen,
27 that your Commission will support the report
28 on the Select Committee on Taxation in the Province
29 of Ontario in its recommendation, and this
30 recommendation appeared on page 98 of the Report of



1 the Select Committee. If I may quote:

2 "That the Department of Municipal
3 Affairs review the legislation
4 enabling municipalities to license
5 or issue permits for a fee with the
6 object of ensuring the purpose of
7 the licensing is primarily
8 regulatory."

9 Grolier has made a positive and impressive
10 contribution to education in Canada which is
11 supported by letters and statements received
12 for over 50 years from parents, children,
13 educators and government bodies, and by the fact
14 that thousands of its books are in constant
15 use in schools, libraries and universities.

16 We welcome the study being
17 undertaken by your Commission and hope that our
18 contribution will be significant.

19 THE CHAIRMAN: Thank you, Mr.
20 Trueland. Will you give us the particulars
21 of the references you made to the Select
22 Committee, which report of the Select Committee
23 was it?

24 MR. TRUELAND: This was the report
25 of the Select Committee on Taxation following up
26 the Smith Commission report. It was on page 98
27 of the Select Committee's report, and made
28 reference to the sort of control of municipalities
29 with respect to -- to make sure that licensing
30 was for regulatory purposes and in no way to raise



1 funds or to be discriminatory.

2 THE CHAIRMAN: Do you find the
3 licensing provisions, by-laws that are utilized
4 by some municipalities, are restrictive and
5 discriminatory rather than regulatory?

6 MR. TRUELAND: We found, Mr.
7 Chairman, that often licences are way out of
8 proportion, say, to the amount of business we
9 might be doing in the community.

10 THE CHAIRMAN: The fee might be?

11 MR. TRUELAND: The fee might be.

12 I have a few examples if you are interested.
13 The Town of Cornwall, for instance, requires
14 a non-residence licence of \$150 for each
15 representative. Trenton is \$50 for each
16 representative and Sarnia is \$100 and Orillia
17 \$50, Peterborough \$50 and so on. When you
18 consider our type of organization where we must
19 have -- it is not possible in many cases to have
20 local representatives, so we must use people
21 from other parts of the province to work in these
22 communities and, you see, when you put it all
23 together, it is a sizable amount in terms of
24 operating expense. If I might just add,
25 Kitchener, which requires that we put up \$500 --
26 there are some strings attached. It is \$500, not
27 spread over a few years but it is \$500 initially
28 in order to sell educational books in the City
29 of Kitchener. In order to -- a dance hall operator
30 can get a licence for \$75.



1 THE CHAIRMAN: Is there some
2 point to that?

3 MR. TRUELAND: I simply say that
4 we feel there is an element of discrimination here.

5 THE CHAIRMAN: I wonder if you
6 would be kind enough to let us have a copy of
7 that document you have? It would be most helpful.

8 MR. CAMP: Just to pursue that
9 point a little further, do I understand that
10 these varying rates would be applied in your
11 particular case, or do they apply in comparable
12 cases, that is to say, if I wanted to sell something
13 in Kitchener, would I be required to put up \$500?

14 MR. TRUELAND: It usually comes
15 under the classification, if you like, of transient
16 traders' licences, which is covered under the
17 municipal code.

18 MR. CAMP: So there is personal
19 or direct discrimination -- do they estimate what
20 the volume is going to be in order to fix it?

21 MR. TRUELAND: I have no idea.
22 In the majority of cases this is arbitrary. We
23 have had instances in other parts of Canada, for
24 instance, where a book seller or person selling
25 material of our sort requires a substantial licence,
26 more than someone dealing in cosmetics who might
27 have only a nominal fee. I think the only time
28 we ever resisted in our licensing of a regulatory
29 nature, but we feel the dissemination of material
30 of this sort can be assisted by a more reasonable



1 licensing system.

2 MR. CAMP: Standardize it. Could
3 you give us something of your experience in regard
4 to translation facilities, availability from
5 English into French?

6 MR. TRUELAND: In our brief we
7 made reference to a number of publications that
8 we have done in connection with the distribution
9 of French material. The Encyclopedie Grolier
10 which was done in Quebec a number of years ago,
11 this was done entirely from the Province of
12 Quebec. La Science Pour Tous, which is
13 an adaptation in part of the book of popular
14 science, another Grolier publication, the
15 translations were done in Quebec through French
16 editorial people and our New York editorial office
17 and, in addition to that there was a lot of new
18 work done at the time of its publication.
19 Collection a la Decouverte, which is simply a
20 translation of all the existing material, was
21 also translated in Montreal. We made some
22 adaptation or some -- we added Canadian material
23 to something called Quillet-Grolier from the
24 University of Laval.

25 MR. CAMP: What would you think
26 is the larger run of these, could you tell me,
27 and what would be the smallest run?

28 MR. TRUELAND: Generally speaking
29 in the area of about 15,000, Mr. Camp, at a
30 printing. The life of the distribution of that



1 printing would vary on the publication.

2 MR. CAMP: The cost, let us say,
3 of a book printed in English and the comparable
4 volume printed in French, is there any difference
5 in the cost to the purchaser?

6 MR. TRUELAND: No, I would say
7 they are roughly the same, the same number --
8 generally speaking for the same number of volumes
9 the price would be roughly the same.

10 MR. CAMP: Their cost of
11 translation is not, in your consideration, a
12 material factor?

13 MR. TRUELAND: It is a factor
14 but over a long period of time, of course, that
15 cost is really minimal, but ---

16 DR. JEANNERET: Are both editions
17 printed in Canada in these cases, specifically
18 on page 5 you list a number of French-language
19 encyclopedias of one type in another series.
20 They presumably are made in Canada?

21 MR. TRUELAND: They are all
22 printed -- these sets we refer to here have
23 all been printed and bound in Canada.

24 DR. JEANNERET: The English
25 editions as well?

26 MR. TRUELAND: No, because there
27 are no comparable editions of these works.
28 The Book of Popular Science being distributed
29 in Canada from which La Science Pour Tous was
30 adapted, was an American publication.



1 DR. JEANNERET: You are comparing
2 apples and oranges a little bit when you say
3 no translation costs because the translation
4 costs don't influence the price.

5 MR. TRUELAND: In a sense, La
6 Science Pour Tous is almost a new work. It is
7 virtually impossible to translate an encyclopedia
8 because alphabetically alone you almost have to
9 start over.

10 MR. CAMP: The Encyclopedia
11 Canadiana is not printed in the French language?

12 MR. TRUELAND: No, it is not.

13 MR. CAMP: Why not?

14 MR. TRUELAND: High cost, high
15 additional cost. We already have a tremendous
16 investment.

17 MR. CAMP: Yes?

18 MR. TRUELAND: You would have to
19 start over because it cannot be translated.
20 It is a brand new publication.

21 MR. CAMP: Is there a French
22 language encyclopedia available in Canada, do
23 you know, comparable to your Encyclopedia
24 Canadiana?

25 MR. TRUELAND: Except
26 L'Encyclopedie de la Jeunesse, which originally,
27 as you know, was more or less an adaptation of
28 this same concept of an encyclopedia as the
29 Book of Knowledge, and we started sort of with
30 that concept and developed L'Encyclopedie de



1 la Jeunesse, which, in effect, is a Canadian
2 publication, Canadian authorship and Canadian
3 point of view.

4 MR. CAMP: This list of editorial
5 people is very lengthy and an impressive list
6 of editorial contributors and consultants and
7 so on. Are they operating exclusively here?

8 MR. TRUELAND: In this particular
9 case, yes. These are represented in all our
10 publications, Encyclopedia Americana,
11 Encyclopedia International and so on.

12 MR. CAMP: This is my last
13 question You said in your opening statement
14 or remarks it was a very competitive business.
15 Who is your competition?

16 MR. TRUELAND: If I may qualify,
17 it would be in our mail order distribution.

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1 Truly in the encyclopedia field there is really not
2 a competitive market. The market is so vast for
3 the really small number of sales that the whole
4 industry obtains that competition is really a
5 minimal factor. However, the distribution of
6 the publications is another thing that the
7 others in the field -- Britannica, World Book,
8 Collier's-- are rather smaller competitors.

9 DR. JEANNERET: On page 3 you list
10 eight series there. Which of those are made in
11 Canada? Are they imported?

12 MR. TRUELAND: They are all
13 imported except Encyclopedia Canadiana.
14 The Canadiana is done here.

15 DR. JEANNERET: The Book of Knowledge
16 is being imported too?

17 MR. TRUELAND: Yes.

18 DR. JEANNERET: Am I right that
19 you don't pay any duty on any of these goods
20 imported from the United States?

21 MR. TRUELAND: No, we do not pay
22 duty.

23 DR. JEANNERET: There are three
24 statements in your brief which interest me a
25 little bit. There is no criticism implied by this
26 question: On page 1 you note what we all realize
27 that is that Grolier Limited is a fully-owned
28 subsidiary of Grolier Incorporated of New York.
29 On page 6 you state that no dividends are paid out
30 and that -- surplus funds by which you mean, not



1 income, have been and are continuing to be re-
2 invested in French and English publications
3 for the Canadian market. I fail to find the
4 commercial motivation here. Is it to build up a
5 strong sales agency for the imported materials or
6 am I misreading something?

7 MR. TRUELAND: I would say,
8 Dr. Jeanneret, that you have pretty well the
9 right idea. We are distributing -- a distributing
10 arm of Grolier Incorporated -- one of many and
11 we are part and parcel of a total organization.

12 DR. JEANNERET: The better
13 Canadiana does the better the sales organization
14 is able to sell the ones that are imported and
15 they are all imported with the exception of
16 Canadiana?

17 MR. TRUELAND: In English, with
18 the exception of Canadiana. The majority of the
19 French publications are done here.

20 DR. JEANNERET: Is language the
21 key to business for the Canadian printer often,
22 the French language?

23 MR. TRUELAND: We have at times dis-
24 cussed it with other publications but the economics
25 were such that we just didn't go ahead and do them.
26 All our major publications in the French language
27 are done here in the province of Ontario.

28 DR. JEANNERET: A couple of other
29 questions. About how many representatives do you
30 have? If for any reason you don't want to give



1 this, don't do so.

2 MR. TRUELAND: Approximately 300.

3 DR. JEANNERET: I am assuming they
4 work largely on a commission basis?

5 MR. TRUELAND: They all work on a
6 commission basis.

7 DR. JEANNERET: To what extent --
8 and again I am not suggesting you should do this
9 but to what extent do you use book stores for
10 distribution and what are the factors that are
11 involved in your decision as far as your policy is
12 concerned?

13 MR. TRUELAND: We do not use book
14 stores and really never have. We have, on occasion,
15 sort of experimented in this area. If I might cite
16 a case in 1966 we got involved with a promotion
17 with Eaton's where we agreed to put as many sets
18 as they wanted of the encyclopedia as they wanted
19 in their book stores, five or six of us travelled
20 the country visiting the staff of the various
21 book departments, tried to tell them something
22 about Canadiana, some idea of what an encyclopedia
23 was in terms of who it served and so on, and
24 participated in an advertising program over the
25 Christmas period which was supposed to be a good
26 time to sell books. We sold a grand total of
27 25 with all that effort.

28 The important thing is that the
29 sale of an encyclopedia requires proper explanation
30 by qualified personnel as to the need, what it can



1 do, the benefits the family can get from it.

2 DR. JEANNERET: Yes, I wanted to
3 underline the essential ingredients in encyclopedia
4 selling there.

5 MR. TRUELAND: But we have tried
6 retail selling.

7 DR. JEANNERET: I am sure.

8 MR. TRUELAND: It is not a feasible
9 proposition.

10 DR. JEANNERET: It says in Appendix
11 D that capital is not required to finance additional
12 payments. I wonder if you are attaching too much
13 importance to capital there. In the total scheme
14 of things, that is the American and Canadian
15 branches, the actual investment in unit class
16 manufacturing investment, must be pretty close to
17 the down payments that you require, isn't it?

18 MR. TRUELAND: No, it is not. The
19 down payment is substantially less than even the
20 prime cost.

21 DR. JEANNERET: You take a very
22 extreme low down payment then.

23 MR. TRUELAND: Extremely low.

24 THE CHAIRMAN: Do you sell your
25 paper? Do you do your own financing?

26 MR. TRUELAND: Absolutely.

27 DR. JEANNERET: Your down payment
28 must be below 10 per cent?

29 MR. TRUELAND: Away below.

30 THE CHAIRMAN: And you finance the



1 sale of the paper that goes with it?

2 MR. TRUELAND: Entirely on our
3 own, Mr. Chairman.

4 THE CHAIRMAN: Following
5 Dr. Jeanneret's questions with respect to dividends,
6 no dividends are paid out or surplus funds which are
7 reinvested in French and English publications
8 for the Canadian market. I didn't feel you really
9 arrived at the end of an answer because you say in
10 the preceding paragraph,

11 " The benefits to Canada and Canadians
12 from the activity of Grolier in Canada
13 far exceed any monetary returns to the
14 parent company in New York."

15 Are there any monetary funds that you pay?

16 MR. TRUELAND: Up to this point,
17 there has not been.

18 THE CHAIRMAN: Has there been
19 any payment from the Canadian firm to the
20 American firm?

21 MR. TRUELAND: Only for the
22 purchase of books.

23 THE CHAIRMAN: Is there any mark-
24 up on those books when they come across?

25 MR. TRUELAND: No, it is just in the
26 over-all concept, in the distribution arm. The
27 more we can sell the better the organization is
28 and I might just add that in addition to the
29 investment we have made in Canadian publications
30 that instalment financing requires a great deal of



1 capital all of which we have always raised right
2 here in Canada. We have never depended on our
3 parent firm for funds, only credit for the books
4 we buy directly from them and I might add that
5 our prime cost on our merchandise is exactly the
6 same as charged the American subsidiaries operating
7 in the United States.

8 MR. CAMP: You said that with
9 Encyclopedia Canadiana there has been an
10 artistic success but it has not been a financial
11 success. Do you mean it has been a loss or has
12 it not arrived at your expectations?

13 MR. TRUELAND: Well, it certainly
14 has not arrived at our expectations. We had sort
15 of hoped that people might be lining up at the door
16 to buy it but it has not quite worked out that
17 way, but I think that Grolier, in terms of
18 distribution of reference material, we more or less
19 try to develop a publication that suits a particular
20 need, the Book of Knowledge for young children,
21 if you like, Americana or Canadiana for adults.
22 The Canadiana fits into this whole scheme. We
23 felt a number of years ago from a certain Canadian
24 point of view or Canadian slant, that there was
25 something lacking in our publications although we
26 appeared to do an adequate job compared to most
27 publishers in this area but still we felt there
28 was a need for Canadiana to round out the whole
29 scheme in addition to a book of a little higher
30 tone.



1 MR. CAMP: What you are saying is
2 that the market demand isn't there as great
3 as your expectations for an encyclopedia about
4 Canada?

5 MR. TRUELAND: Well, I would say
6 that the more we can increase our sales generally
7 the wider distribution we can get for Canadiana.
8 It is all part and parcel of the same thing.
9 The majority of the publications sold have a
10 Canadiana with them.

11 THE CHAIRMAN: Thank you very much,
12 sir, we are much obliged.

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15 ---Adjournment.

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